96-48

MOBILITY FOR AMERICANS IN AN ERA OF INCREASING ENERGY, ENVIRONMENTAL AND FINANCIAL CONSTRAINTS

(96-48)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND REVIEW

OF THE

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

JANUARY 7-8, 1980, ATLANTA, GEORGIA
JANUARY 9-10, 1980, SAN JOSE, CALIFORNIA
FEBRUARY 20-21, 1980, WASHINGTON, D.C.

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MOBILITY FOR AMERICANS IN AN ERA OF INCREASING ENERGY, ENVIRONMENTAL, AND FINANCIAL CONSTRAINTS

MONDAY, JANUARY 7, 1980

House of Representatives,
Subcommittee on Oversight and Review,
Committee on Public Works and Transportation,
Atlanta, Ga.

The subcommittee met, pursuant to notice, at 1 p.m., in court chambers, 23d floor, Richard B. Russell Federal Building, 75 Spring Street SW., Atlanta, Ga., Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Members present: Messrs. Gingrich, Levitas, and Young.

Staff present: Charles A. Krouse, majority; Dan Harrant, minority.

Mr. Mineta. The Subcommittee on Oversight and Review of the House Committee on Public Works and Transportation will please come to order.

The subcommittee is in Atlanta today to begin 2 days of oversight hearings on Federal transportation programs. I am very pleased to be here at the Richard B. Russell Federal Building, considering that in the last Congress, when I was chairing the Public Buildings and Grounds Subcommittee of the House Committee on Public Works and Transportation, we had to overcome some problems to make sure that all agencies were able to move into this facility.

I would also like at this time to express my thanks to Federal Judge Newell Edenfield for the courtesies that have been exhibited by him and his staff in making arrangements for the use of this courtroom.

Our principal concern today is public transportation, a form of transportation that went into decline after World War II, but which takes on critical importance in today's energy-short world. As important as they are, our interest is broader than the operation of conventional bus and rail systems. Horizons must be expanded if Americans are to be assured of reasonable mobility in the years and months ahead.

Are there better ways of doing things? Are there opportunities to get more efficiency and more productivity out of existing equipment, existing facilities, capital investments of all description, and even the millions of private vehicles owned by Americans?

We all know the answer to that. Of course there are.

Please be assured that no one is asking Americans to give up their automobiles. The evidence is all around us that we live in an automobile-dependent world.

Some large suburban shopping centers have been built without sidewalk access. You couldn't walk safely to them if you wanted to.

Some 85 percent of all Americans travel to work by private auto or truck. Also, I might add, three out of four ride alone, which suggests the need for greater ridesharing.

And, 85 percent of all households own at least one automobile, and the average vehicle is driven close to 10,000 miles annually.

These are the realities which dramatize the difficulty of changing the modal split—the way mobility is achieved—to any significant degree. And they raise fundamental questions about the traditional pattern of metropolitan growth and land use.

But change we must. Because more than one-half of every barrel of oil that is consumed in this country is consumed by transportation, and the private passenger car is by far the most voracious user.

It is disturbing to note that in the years since the oil crisis first became evident, our dependence on foreign oil has acutally increased. At the time of the 1973 embargo, we imported about 32 percent of the oil we used. That figure now has risen and stands at about 44 percent.

The past decade has given us ample evidence of the vulnerability that comes with that oil, and the shock waves that can reverberate through our economy because of price increases or reduced availability caused by trouble overseas.

What can be done to assure reasonable mobility—needed mobility—as the energy picture darkens? That, of course, is one of the primary questions facing the Nation, and that is why it is appropriate that we start this series of congressional hearings in Atlanta.

This metropolitan region some time ago made a very major commitment to public transportation, both bus and rail, and the subcommittee is anxious to learn of your experience, your needs, and to hear your suggestions. Witnesses have been invited from other parts of the country as well, from Texas, Florida, Virginia, and Tennessee. And after we conclude here in Atlanta, we have 2 days of hearings scheduled in California on Wednesday and Thursday.

More spending for public transportation has been proposed out of the excess profits tax on oil companies, which the Congress will be asked to enact in the session beginning January 22.

But the goals should never be merely to expend more money. It should be to spend it wisely, in the ways that maximize transportation benefits within existing energy, environmental and fiscal constraints. A tougher measure of performance and accountability is being demanded by the American people, and rightly so.

The Committee on Public Works and Transportation is the authorizing committee for almost all Federal transportation programs. It is the duty of this subcommittee to generate insights, ideas and recommendations for the full committee. We respectfully request the help of our outstanding list of witnesses. We want you to be candid, to tell us what you really think, to tell us what you are doing and how you believe the Federal programs can be improved and what they should be doing.

At this time I would like to call on our distinguished colleague from Georgia representing the ranking minority member, Mr. Cleveland from New Hampshire. I call on Mr. Gingrich at this time.

Mr. GINGRICH. Thank you, Chairman.

I would like to welcome the subcommittee to Atlanta. I would especially like to welcome our chairman, Norman Mineta, who has taken a leading role in Washington in the process of looking ahead and trying to examine where we go in transportation in this country.

I think it is vitally important that these hearings are being held. This is an effort on our part as a subcommittee to begin to get ahead of the crisis, to begin to look at the options that are available.

We have probably been the most historically mobile culture since the Mongols, not just in the recent past in the private automobile, but back through the wagon trains and pathfinders to the very ships that brought some of us here. Mobility is the essence of being American. Now we are challenged by energy costs and by energy availability. In the very short run we may face possible crises of enormous kinds in order to get to and from work, to and from the store, let alone on vacation or in private travel.

In the long run, if we do manage to get by without any immediate crisis or any immediate shortfalls because of foreign political considerations, it's very clear that energy costs are going to go up; it's very clear that our energy system and our transportation system are going to end up being very different.

I think these particular hearings are important because of their focus not only on the traditional conventional approaches to public transportation, but also looking at the wide range of new ideas and the wide range of possibilities being tried out across the country.

So I want to commend our chairman for holding these hearings, and I want to welcome him and the rest of the subcommittee to the city of Atlanta. I think we have made a very serious effort in the entire Atlanta region to begin to develop some progressive and some very aggressive efforts to develop the model for the country for the kind of public transportation system we will be hearing about before very long.

Thank you very much.

Mr. MINETA. Thank you very much, Mr. Gingrich.

Someone whom I had the pleasure of coming to Congress with in 1974 is a very active member of our House Committee on Public Works and Transportation, and has had an outstanding record during the time that he has served in the Congress. I cherish his friendship and his counsel, and consider him a very good friend. I refer to our colleague, also from the Atlanta region, from the Fourth Congressional District, Mr. Levitas.

Mr. LEVITAS. Thank you, Mr. Chairman.

I would also like to extend a very cordial and heartfelt welcome to you, Mr. Chairman, and to the other members of the subcommittee and the staff, to Mr. Young from Missouri, and to commend you for holding these important hearings, and especially for beginning them here in Atlanta.

Atlanta is truly a city that transportation built. The first name of the city of Atlanta was Terminus because it was the end of the first rail line built in this area. In succeeding years as a result of highway, air, and rail transportation, Atlanta has truly become one of the great metropolitan areas of the world. Now with our reemphasis on public mass transportation in this area I think that we have the total concept of multimodal travel and how important it can be to the economic well-being of an area, as well as to the quality of life that can be experienced and enjoyed in the area with both fiscal, human, and environmental concerns all taken into account.

My involvement with the Metropolitan Atlanta Rapid Transit Authority goes back many years. As a member of the State legislature for a number of years I was privileged to be the author of many bills that related to the development and furthering of the MARTA system, and while I was in the State legislature had the great privilege of serving as chairman of the Rapid Transit Overview Committee, so this experience is not a new one for me.

Mr. Kiepper, who is our first witness today has on many occasions informed and enlightened our committee as we have pursued our tasks.

I don't think there are many areas in terms of our domestic quality of life that are going to be more important in years to come than how Americans are able to move and go about their business. And the way in which we use our resources in all areas of transportation, including public mass transportation, I think could well make a difference in whether we meet the goals that we set for ourselves as a Nation or not.

For that reason, Mr. Chairman, I especially want to commend you for your outstanding leadership over the years in the Congress, and also before you came to Congress as the mayor of San Jose, Calif., for your foresight in looking down the road ahead so that we can best use the taxpayer's dollar and serve the public interest as best we can.

I want to welcome you here, and I look forward to these hearings.

Mr. MINETA. Thank you very much, Mr. Levitas. Mr. Young.

Mr. YOUNG. Mr. Chairman, Mr. Gingrich, and my friend Elliott: I appreciate the opportunity to be able to come down from St. Louis this morning to participate in these oversight hearings. I think these hearings are going to be extremely important to the whole country. I am particularly interested in the St. Louis area. We are No. 1 in water transportation via our inland waterways, and No. 2 in railroad and trucking facilities, so we have a real great interest in the work that our full committee, the House Public Works and Transportation Committee, does.

We are in the process in St. Louis of studying a very, very minimum light rail facility, and we're hoping for some sort of an answer in April so we can proceed and hopefully can start catching up with Atlanta and maybe Washington and some of the great places in California that have already moved ahead of us. I am extremely interested in this.

I think these hearings, Mr. Chairman, will be very beneficial for all of us as we look at the whole energy situation. Thank you very much.

Mr. MINETA. Thank you very much, Mr. Young.

At this time we are pleased to have Mr. Alan Kiepper, the general manager of the Metropolitan Atlanta Rapid Transit Authority to be the leadoff witness. So, Mr. Kiepper, if you would go ahead and proceed in your own fashion.

TESTIMONY OF ALAN F. KIEPPER, GENERAL MANAGER, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY (MARTA), ATLANTA, GA.

Mr. KIEPPER. Thank you, Mr. Chairman.

On behalf of the MARTA Board of Directors and the MARTA staff, I want to welcome you to Atlanta. We appreciate the opportunity to tell you about the MARTA system and the MARTA story and the history of our system.

Before I begin, let me say that I would also like to commend this committee and the Congress for the leadership that it has provided in the field of mass transportation. It has been the Congress that has really provided the funds and the leadership for the expansion of mass transit in this country, and consistently over the last 10 to 15 years if has been the Congress which has insisted that more of the Nation's resources go into mass transit, sometimes even over the protest of the executive branch. So I think this is one area in particular where the Congress has distinguished itself in providing leadership in a badly needed area of the public's business, and I thank you for that.

I would like to give you a little background on the MARTA program. I think it does constitute a sort of case history or an example of what a community can accomplish in a cooperative way with the support and, in some cases, the leadership of the Federal Government. We believe that the Atlanta program is carried out within the spirit of the Federal Urban Mass Transportation Act. MARTA is an independent government authority established by the General Assembly of the State of Georgia following a number of public referendums to provide a comprehensive public transportation service in metropolitan Atlanta.

We have two basic programs that we have been undertaking since we began as an operating agency in 1971. The first of those is what we refer to as our short-range transit improvement program, which was designed to provide expanded and improved bus services throughout the metropolitan area. The second or longer range program is designed to provide a rapid rail system throughout the metropolitan area.

While MARTA was set up in 1966, we didn't begin operation as a transit agency until the fall of 1971. Following a successful sales tax referendum in November of 1971, MARTA immediately purchased the Atlanta Transit System, which was a private company providing public transportation in Fulton and De Kalb Counties and, on a much lesser basis, to other surrounding counties.

With the support of a $40 million Federal capital grant we have purchased 500 new buses, constructed three bus garages, built three park and ride facilities which we operate, and several informal park-ride facilities which we operate in conjunction with private owners, installed bus shelters, and completely modernized bus operation facilities.

Additonal grants have enabled us to expand our bus fleet to 840 buses. The local 1 percent sales tax and subsequent Federal operating assistance grants enabled MARTA to lower its fare from 40 cents with a 5-cent transfer charge to 15 cents and a free transfer in 1972. This dramatic reduction in fare contributed vitally to our success by providing the opportunity for people to try out public transportation, and when they tried it most of them found that they liked it. We maintained the 15-cent fare for 7 years, which was one of the commitments that was made at the time of the referendum, and in March of 1979 the fare was raised to 25 cents.

Since 1972 we have increased annual bus mileage, which is a measure of the intensity of service, from 19 million miles to over 33 million miles today. We have instituted 350 bus service improvements, and the number of bus routes has increased from 80 in 1971 to 136 today.

Patronage over the same period has increased by more than 50 percent, from 57 million during the last 12 months of the Atlanta Transit System operation to more than 86 million in the last 12 months under MARTA, or during 1979.

The private transit company, the Atlanta Transit System, was losing patronage at the rate of about 6 percent a year, which was fairly constant over the United States, and it was headed for bankruptcy in the not too distant future.

It was at this point in the spring of 1972 that MARTA took over the system. Through lowered fares, expanded service, improved quality of service, you can see what has happened over the years. We have had a fairly steady rise, somewhat more dramatic at some times than others, but it has been directly related to improved facilities, lower fares and higher quality of service.

We think we have demonstrated here that people will ride public transportation if the price is right, the system is convenient, and high quality services are provided.

Ridership increased very sharply during the last half of 1979. During the month of October, which is traditionally the highest transit month of the year, we had an increase in patronage of 16 percent over October of 1978. That is the largest single monthly increase that we have enjoyed during the 8 years of MARTA operation, and we attribute that directly to increasing gasoline prices. We notice a very high correlation between increases in gasoline prices and the increases in MARTA patronage.

We are proud of the quality of the service that we offer, and we consider that to be an important element in our program.

The average age of the MARTA bus fleet is 6 years, which I believe is the lowest of any major transit agency in the country.

We have won the award as the safest bus system in the United States serving a community of over 1 million or more 3 out of the last 4 years. We have won the award for North America, which includes the systems in Canada, which are among the best in the world, and in Mexico. We have won that award 2 out of the last 3 years.

We also provide special services to the elderly and handicapped, and we have a special fleet of lift-equipped buses that serve special routes in order to serve severely handicapped people.

Turning now to MARTA's long-range program, our goal here is to develop a rapid rail system which, when combined by the bus system, will provide comprehensive public transportation service throughout the region. We developed the initial plans for this system during the sixties under a continuing, comprehensive, and cooperative regional transportation planning program.

I might point out that the Atlanta transportation planning program has been a model for the Nation. One of the first things that MARTA did in 1971 after it became a fully operating agency was to enter into a cooperative transportation planning agreement with the Georgia Department of Transportation and the Atlanta Regional Commission, which is our metropolitan planning agency.

Rather than fighting with the highway agency in the State, we have found them to be a supporter. We have had a very high degree of cooperation.

The voter referendum in 1971 approved a 1-percent sales tax to fund both the capital part of the rail system and for its operation as well.

We were the first system in the United States to prepare an environmental impact statement for a total transit system, and this was approved by UMTA in March of 1973.

The initial grant request for funding of the rail system was submitted to UMTA on October 4, 1971, and the first grant was received in June of 1973 in the amount of $69 million. The approved rail system consists of 53 miles of rapid rail system in basically a cruciform design, running from Doraville in De Kalb County on the north to the airport station which will be located at the new Hartsfield Midfield Terminal. That is located in Clayton County just south of the Atlanta city limits. It runs east-west from Fairburn Road, near the Chattahoochee River in Cobb County, out to Indian Creek located in eastern De Kalb County.

We also have a number of spur lines that will serve specific neighborhoods.

The Atlanta Regional Commission recently updated this system to the year 2000 as a planning goal. This plan calls for 101 miles of rapid rail serving five counties, with a bus system that will serve seven counties. We have an even more ambitious goal now as we move into the last two decades of this century.

We also hope to have some 2,200 route miles of bus service by the year 2000, as compared to some 1,800 today.

Phase A of the referendum system, with a combined Federal and local share budget of $1.043 billion, is progressing rapidly toward completion. The east line—6.7 miles—from Avondale to Georgia State began weekday revenue service on June 30, 1979, and on October 13, 1979, the feeder bus service to rail stations was initiated, delivering or picking up passengers by bus at the seven rail stations on the east line.

The phase A portion of the west line—5.1 miles—was placed in revenue service on December 22, 1979, and runs from Georgia State through Five Points and on to Hightower Road. The north/south line of phase A—1.9 miles—is scheduled for revenue service in the fall of 1981. This line segment runs from Garnett Street on the south line to North Avenue on the north line.

Our experience with rail operations to date has generally exceeded projections in the area of railcar maintenance, system reliability, and patron usage. I might say that one of the good things about public transportation in this country is that we are a very sharing vocation. We try to share both our successes and our failures with our colleagues around the country. Our friends at BART in San Francisco and at the Metro System in Washington were very helpful to us during the design phases. They were very candid with problems they had and in helping us develop solutions so that we could avoid some of their problems. So we haven't duplicated their problems.

We have got a few of our own which we assume full responsibility for, but our performance has been better than theirs in the initial phases. We expect the systems that follow us—Miami, Baltimore—to be even better than we are, and hopefully the state of the art can improve through sharing.

Incidentally, UMTA is very interested in the sharing of knowledge in developing and operating systems, and they have been of assistance in providing funds and guidance.

Transit car reliability has been a major problem, as you may well know from other transit systems. At MARTA we paid special attention to the problem, and we have established new and higher standards for transit car reliability and maintenance. This has produced an excellent record in all areas. I have prepared a special exhibit on this subject covering the first 6 months of operation of the system, and I direct your attention to it. I think you will find it interesting.

To summarize, we established a 93 percent on-time performance goal for the first year of operation. On-time performance in the transit industry is considered to be the maintenance of schedules within 4 minutes of published times. MARTA's rail system on-time performance for our first 6 months has been 96.4 percent on the average. We had a high of over 98 percent for one of the months during the year, so we have exceeded our goal by approximately almost 4 percent.

We also established a goal of 50 percent car availability, meaning that 50 percent of accepted cars would be available for service on any given day. Now, that doesn't sound like a very high goal, but that is actually what has been achieved or less than that has been achieved by other systems. Our rail car availability has averaged over 80 percent during our first 6 months of operation.

The rail system has been well accepted by the citizens of the community. In the first quarter it operated 74 days and we carried some 738,000 patrons. In the second quarter we increased the number of days of operation to 90, and ridership went up to 1,959,000. So a total of 2.7 million riders have used the system in the first 6 months of operation.

We have purposely phased in feeder buses in order not to overload the system in its early days and months, and we think that also was a suggestion we received from Washington. That has been a good suggestion.

I would like to briefly describe the phase B program. The original concept of the MARTA system developed in 1971 was that the whole 53 miles would be built almost simultaneously as quickly as possible. Well, that was sort of a rose-colored glasses approach and did not prove to be practical from a funding standpoint. So we developed a phasing program for the completion of the system. UMTA has insisted that any increment that is built be a useable segment, i.e., that it provide meaningful service and that it be logical and sensible from the standpoint of transit operation, and so we have a phased system for the completion of the rail system.

Phase A is now over 80 percent complete. The east-west portion is in service, and the north-south portion will be in service in 1981.

On May 15 of last year we submitted a grant application for the construction of phase B. Phase B runs from Lenox on the north to Lakewood on the south. It is where our greatest patronage potential lies. The north extension, which will run from Lenox down to North Avenue, consists of 5.7 miles and four stations. The south line, which runs from Garnett down to Lakewood, consists of 4 miles and three stations.

We have received a $25 million grant from UMTA toward this construction; however, in the absence of Federal funds for construction and in the interest of moving ahead to cut down the ravages of inflation, the MARTA board has made a hard decision to advance local funds.

Approximately $195 million of phase B is now underway, $164 million of which is being accomplished on a no-prejudice basis. By that I mean we are using 100 percent local funds for this $164 million of work, with a no-prejudice letter from UMTA not guaranteeing any sharing, but indicating that as funds become available and we qualify at least what we're doing meets the criteria. We believe this is a demonstration of our commitment to get the system built even if it requires putting our money out front.

The availability of local funds was made possible by the sale of $150 million in revenue bonds, the use of sales tax receipts and investment income.

This work includes 1.1 miles of construction from North Avenue to Arts Center and 1.4 miles of construction from Garnett to West End, where the construction is underway; design and construction of the Airport Station concurrently with the expansion of the Atlanta International Airport; conceptual design activities from Arts Center to Lenox; purchase of 20 additional transit vehicles; and design of an aerial section over an interstate highway.

In order to build the structural portion of the Airport Station while the Midfeld Terminal is under construction, we have put forth the funds to construct it and it is now underway. The station will be completed at the time that the terminal is completed in September, and we will not have to disrupt the terminal to build the station. We will put in the track and power at a later time.

Incidentally, when the airport station is completed and in operation, it will be the finest rapid rail connection to a major air terminal anywhere in the world. It will allow you to go directly from the trains into the terminal. In fact, you will be in the terminal when you get off the trains.

READEX FICHE

We have recently obtained court approval of a bond validation of an additional $450 million. MARTA will sell additional series of bonds to provide further local funds to facilitate work on phase B. However, it should be stressed that there is a limit to how much and for how long local funds can be utilized exculsively without an additional influx of Federal funding.

Current with the orderly implementation of phases A and B, the phase C implementation plan which goes all the way to Doraville on the north and to the airport on the south is underway. Our goal is to complete the north-south line from Doraville to the airport by late 1985, which would result in a 36-mile rapid rail system by that time.

I would like to turn now to UMTA's support of the MARTA program. I might say as an aside that MARTA was the first rapid rail system to be completely planned and constructed under the aegis of UMTA and, therefore, in many respects UMTA and MARTA have sort of felt our way along in developing the new rail program.

We have been aggressive in pursuing the funding and the development of the program. UMTA's unprecedented grant of $800 million for the development and construction of MARTA's phase A segment of the rapid rail system is a solid demonstration of Federal support for this project. This support is consistent with Federal policies as spelled out in the 1970 Urban Mass Transportation Assistance Act which say, quote:

> It is the purpose of this Act to create a partnership which permits the local community, through Federal assistance, to exercise the initiative necessary to satisfy its urban mass transportation requirements.

The Atlanta community has does its part by taxing itself and selling the bonds against that tax income, and the Federal Government has responded.

From March 1, 1972 through December 31, 1979, the citizens of Fulton and De Kalb Countries have paid $449,436,000 in MARTA sales tax funds, all of which is being spent on improved and expanded public transportation for Atlanta. So when asking for continued and expanded Federal support, we are not just asking for assistance, we are putting our own money on the line to get the job done.

We still have 40 miles of rail system to build, and we need the continued support of the Federal Government to complete the system.

The need for good public transportation in an urban environment increases each day we import even one barrel of foreign oil into the United States. MARTA's rapid rail system is powered by electricity produced by abundant domestic coal. As we continue to build, we are also exploring ways to increase the utilization and efficiency of MARTA trains and buses. We are working with the community on a six-point program to get more out of the equipment that we have.

First, we have urged major businesses and government agencies to develop comprehensive programs of straggered work hours to spread the peak periods to allow us to make better use of bus and rail equipment. If staggered work hours are adopted widely, we can double the number of peak period riders carried into central Atlanta on our existing equipment. We could do this by carrying two loads of morning commuters and evening commuters on our equipment, rather than just one.

Second, we have asked businesses and public agencies to explore the feasibility of staggered workdays to relieve concentration of travel from the same 5 days each week to 4 days by expanding the workday from 8 to 10 hours. That is not widely applicable, but in certain cases it is, and we're asking that it be given consideration.

Third, we are asking for businesses to explore the establishment of bus pools; that is, setting up special bus routes at certain pickup points for large numbers of workers with a single destination—either a MARTA rail station or a final destination workplace.

Fourth, in choosing new locations for buildings, plants, offices or warehouses, local businesses and agencies are being encouraged to consider locations near MARTA bus and rail facilities.

I might say that the Federal policy of locating Federal offices buildings such as this building, the Richard Russell Building, in central business districts certainly makes sense in this energy-scarce age. This building, for example, is about equidistant between two MARTA rail stations, on of which is our central rail station. It means that citizens who have business here and employees who work here now can use public transportation very efficiently. I think this is a policy which ought to be encouraged and continued and expanded wherever possible.

Fifth, we have urged public and private organizations and businesses to subsidize employee transportation of MARTA rather than subsidizing parking. Specifically, we are asking employers to provide their employees with $10 monthly MARTA TransCard rather than a parking space. Considering the cost of constructing, providing security for, and maintaining parking spaces, it would probably be a bargain for most employers. We are, incidentally, getting a good bit of interest in this. We're talking with a number of major businesses in Atlanta about it.

Finally, we are urging citizens in our community to support continued funding for public transportation, particularly at the Federal level.

The system we have is attracting new converts to public transportation almost every day. I cited our experience in the last quarter of last year with major increases in patronage. We expect their numbers will increase in proportion to increases in the cost of operating private automobiles.

We can expand our capabilities, improve the environment, create jobs and job opportunities, and reduce dependence on foreign petroleum while taking advantage of our own abundant fuel resources by expanding existing bus and rail systems to meet the needs of the total community.

I believe that MARTA has been a good steward of the Federal support we have received to build the system.

As I noted earlier, it is the purpose of the UMTA Act to create a partnership which permits communities through Federal assistance to exercise the initiative necessary to satisfy their urban mass transportation requirements. I believe we have lived up to the letter and the spirit of the act. We have formed a unique partnership between the Federal and local governments, and the people of our community to build our system. I think our system is evidence of the success of the partnership.

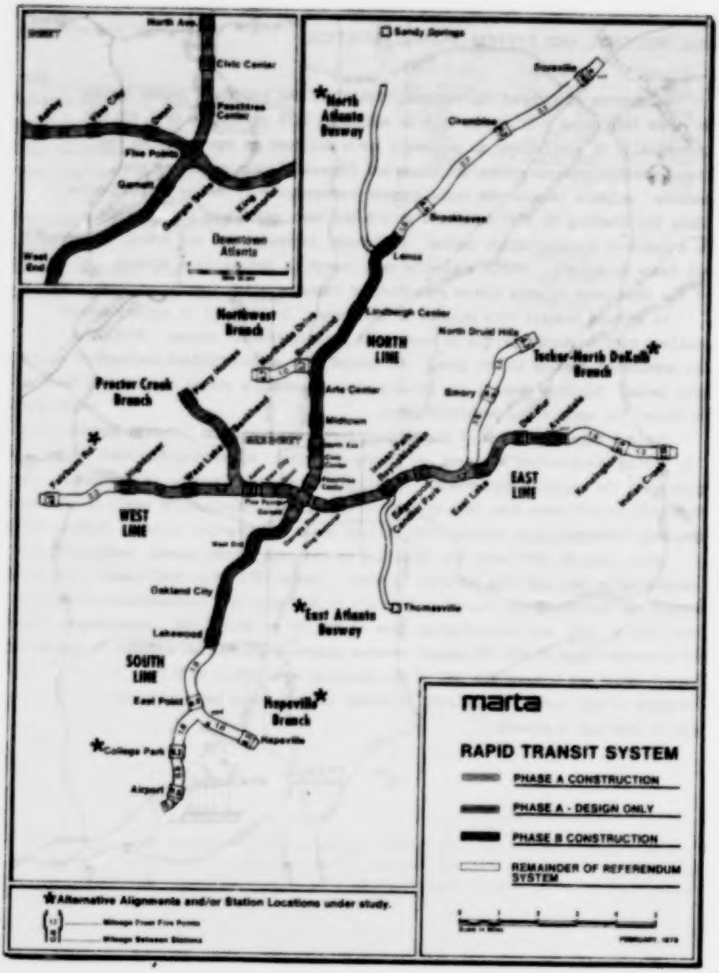
Our own investment of almost $500 million of local funds, plus sizable commitments of bond proceeds for the future, are evidence of the initiative.

Our partnership and our initiative will continue, and we ask your help in the continuation of the third key element of the UMTA Act, which is Federal assistance.

Thank you, Mr. Chairman. I am prepared to answer any questions you might have.

[Exhibits presented by Mr. Kiepper follow:]

EXHIBIT 1


North Ave.
Civic Center
Peachtree Center
Five Points
Garnett
Downtown Atlanta
West End
Sandy Springs
Doraville
Chamblee
*North Atlanta Busway
Brookhaven
Lenox
Lindbergh Center
North Druid Hills
Tucker-North DeKalb* Branch
Northwest Branch
NORTH LINE
Arts Center
Emory
Proctor Creek Branch
Midtown
EAST LINE
WEST LINE
East Lake
Edgewood Candler Park
Thomasville
*East Atlanta Busway
Oakland City
Lakewood
SOUTH LINE
East Point
Hapeville* Branch
Hapeville
*College Park
Airport
marta
RAPID TRANSIT SYSTEM
PHASE A CONSTRUCTION
PHASE A - DESIGN ONLY
PHASE B CONSTRUCTION
REMAINDER OF REFERENDUM SYSTEM
Scale in Miles
*Alternative Alignments and/or Station Locations under study.
Mileage From Five Points
Mileage Between Stations

THE ATLANTA RAPID TRANSIT SYSTEM

BASIC REGIONAL AND SYSTEM CHARACTERISTICS

Atlanta is considered the regional capital of the southeast United States. It ranks 18th among U.S. cities with an estimated 1979 population of 1,770,000. Economically it specializes in wholesale trade followed in importance by the transportation/communications/utilities and finance/insurance/real estate sectors. Atlanta is also the third largest convention city in the United States. Since its founding in 1837 Atlanta's growth has been spurred by its importance as a regional transportation center. Railroads, highways, and air travel routes all focus on Atlanta. MARTA's 53-mile rail system is indirectly a product of the importance Atlanta places on efficient transportation.

As a rapid transit city Atlanta is not large. In fact, it is so far the smallest city in North America to have built a rapid transit system. Similarly its population density is not great. Of course, the rail corridors are much more dense. But this overall low density explains MARTA's strong emphasis on feeder bus service and park/ride lots.

Table 1 tabulates a few of these basic facts about Atlanta. Unlike many U.S. cities its downtown has remained strong and vital, accounting for one-quarter of the region's employment. Building construction downtown is constant. From 1970 to 1977 more than $650 million in new private construction was completed downtown, with another $300 million under construction in 1978.

Until June 30, 1979 when the first leg of the rail system opened, public transportation was provided entirely by buses. Since 1972 (when MARTA was formed) the bus fleet has increased from 476 to 841 vehicles, route-miles from 1140 to 2000, and vehicle-miles from 19,300,000 to 29,700,000. Ridership has increased from 45,810,000 annual revenue riders to 63,800,000 riders. Transit trips now account for 35% of all downtown work trips, by U.S. standards a high number. Similarly 59 annual transit rides per capita is high by American standards.

[redacted] BASIC REGIONAL AND SYSTEM CHARACTERISTICS

Land Area and Population

Area	Land Area sq. miles	Population Est. 1979	Density persons/mi^2
Atlanta Region (7 counties)	2064	1,773,000	859
MARTA Service Area (2 counties)	800	1,103,000	1378
City of Atlanta	84.5	456,000	5396
East Line Rail Station Areas	5	28,100	5620

Employment (Estimated 1979)

Region	850,000
Central Business Area	200,000
Central Business Area Office Space (square feet)	14,500,000

Service Indicators for MARTA Area (6/30/79)

Bus Fleet Size	841
Route Miles	2000
Annual Vehicle-Miles (1,000)	29,700
Rail Miles (12/24/79)	12.5

Ridership (1979)

Daily Revenue Riders	240,000
Daily Transfers	70,000
Total Daily Riders	310,000
Annual Revenue Riders	63,796,000
Annual Transit Rides Per Capita	59
Percentage of Downtown Work Trips by Transit	35%

EXHIBIT II.—SIX-MONTH SUMMARY OF MARTA RAIL SYSTEM PERFORMANCE JANUARY 3, 1980

Inauguration of Rail Service

On June 30, 1979, MARTA opened rapid rail service on the 6.7 mile East Line with 7 stations. This segment of the system operated from Avondale station east of Decatur to Georgia State Station, stopping just short of the Five Points area in downtown Atlanta. Patrons exited the rail line at Georgia State Station and caught a downtown distribution bus called the "loop ride" to their offices or transfer points to other buses. Two and four-car trains operated on weekdays from 5:30 in the morning until 8:00 in the evening at 15-minute headways (intervals).

Advancements & System Extension

On September 8, 1979, regular weekend service was initiated and the system began operating seven days a week. On October 13, feeder bus service was inaugurated and transit system operating hours were increased to approximately 19 hours a day, beginning at 5:30 a.m. and continuing until 12:30 a.m. Headways were reduced to 10 minutes during rush hours with six-car trains operating at that time to accommodate the increase in passenger traffic, resulting from the routing of feeder buses into stations. MARTA opened the West Line for revenue service on December 22. It consists of an additional 5 miles and 6 stations beginning at Five Points in downtown Atlanta and continuing west to Hightower Station. Hours of operation and train frequency remained the same.

Thus, at the present time, MARTA circulates trains throughout the entire East-West Line which consists of 11.7 miles of dual track and thirteen stations.

Transit Vehicle Fleet Size

At the inauguration of revenue service on June 30, the fleet consisted of 20 cars. At the close of the first six months of revenue service on December 31, 1979, MARTA had accepted a total of 48 cars, a net gain of 28 cars. The growth of the car fleet on a month-by-month basis is illustrated in Figure 1.

Daily Car Availability

Daily car availability has been consistently above the minimum to maintain the programmed level of service. Initially, the minimum daily car requirement was 12 cars. This enabled three 4-car trains to circulate on the East Line at 15-minute intervals. On October 13, the minimum daily car requirement was increased to 24 cars to provide for operation of six-car trains at 10-minute headways. Finally, on December 22, the car requirement was increased to its present level of 36 cars. This permits operation of 6-car trains at 10-minute intervals on the full East-West Line during rush hours. Figure 2 depicts the average monthly daily car availability for the first six months. It is of interest to note that not once during the first six months of revenue service has the Maintenance Division failed to provide the minimum number of cars required for scheduled service, a perfect record.

On-Time Performance

During the first six months of operation, the rail system has produced results clearly exceeding goals previously set. The actual on-time performance for the first six months is illustrated in Figure 3. As indicated in the figure, MARTA's on-time performance was 95.7%, 97.7%, 97.4%, 96.6%, 98.6% and 96.4% respectively, which compares favorably to the first year operational goal of 93% of trips operating within four minutes of schedule. This four-minute criterion is the same standard used by other transit properties to evaluate their performance. The system is providing reliable on-time service between Avondale and Hightower to downtown Atlanta.

Patronage Data

The rail system has been well accepted by the citizens of this community. In the first quarter, it operated for 74 days. A total of 738,000 patrons rode the East Line during this time. In the second quarter, days of operation increased to 90 and and ridership numbered 1,959,000 patrons for a total of 2,697,000 riders in the first six months of service. Figure 4 illustrates the average number of riders per day on a monthly basis for the first six months. As indicated in the figure, ridership essentially tripled in October when feeder bus service was initiated. From a preliminary analysis of ridership, it appears that a substantial number of patrons utilizing the rail system are new public transportation patrons. Since the West Line opened recently, the patronage data cited pertains principally to the East Line.

Upcoming Major Milestones

MARTA expects to open the downtown portion of the North-South Line in the fall of 1981. This will add an additional four stations and two miles of dual track to the system and complete the Phase A program. MARTA is preceding on an accelerated schedule to place the full North-South Line from Doraville on the North to the Airport on the South in operation by 1985.

Summary

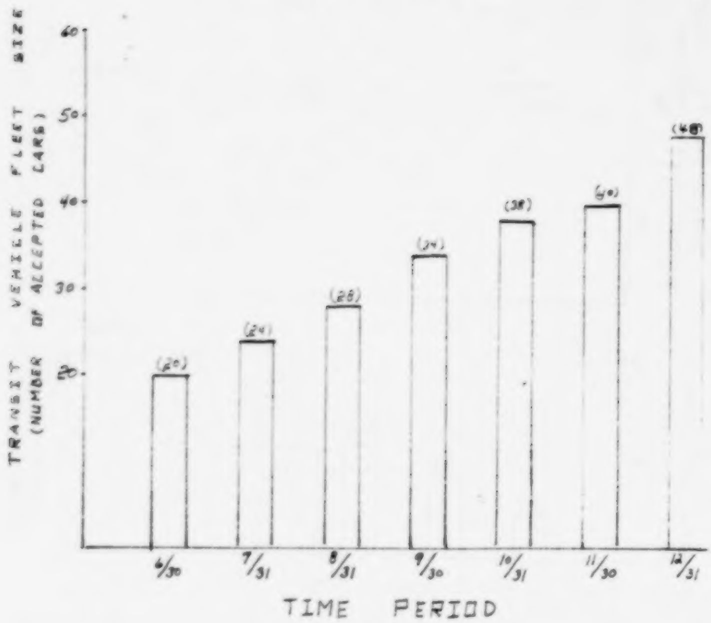
In summary, MARTA's first six months of rail operation have produced results clearly exceeding the goals previously set. The system is providing reliable on-time service from the East and the West to downtown Atlanta. Patronage over this period of time has consisted almost entirely of East Line operation. Ridership is expected to increase markedly with the addition of the West Line to the system.

AML/jt

marta

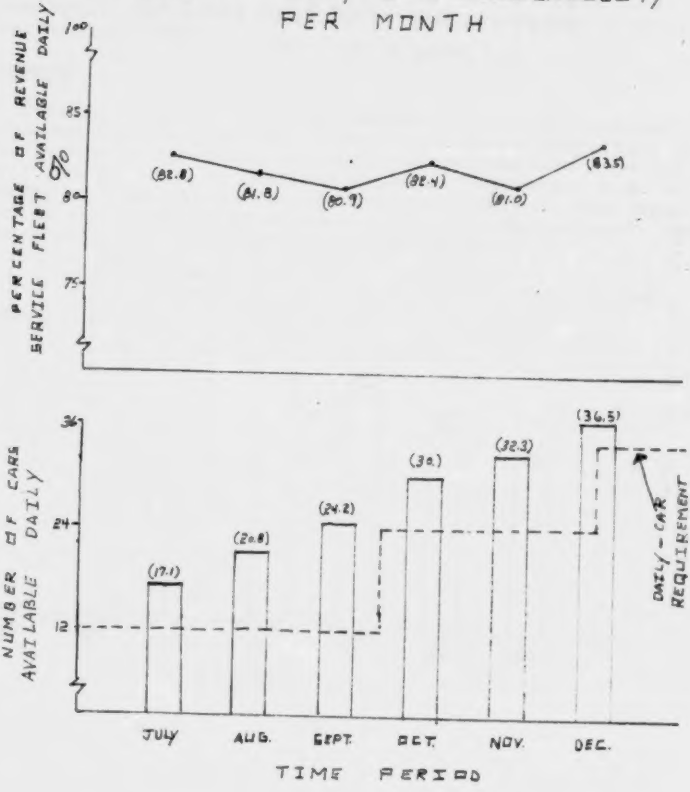
SUBJECT ______________________ BY ______ DATE ______
CHKD ______ DATE ______
PROJECT NO. ________ SHEET NO. ______ OF ______

TRANSIT VEHICLE FLEET SIZE BY
MONTH FOR PERIOD ENDING
DECEMBER 31 - 1979



marca SUBJECT________ BY____ DATE____
CHKD____ DATE____
PROJECT NO. ______ SHEET NO. ____ OF____

FIGURE - 2
AVERAGED DAILY CAR AVAILABILITY PER MONTH

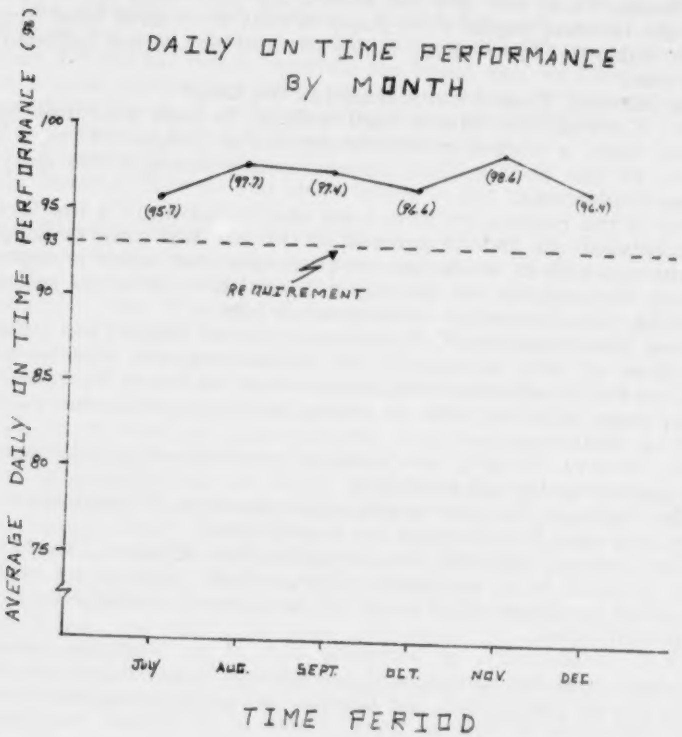


marca SUBJECT________ BY____ DATE____

PROJECT NO. ______ CHKD____ DATE____

SHEET NO.____ OF____

FIGURE - 3



Mr. **Mineta**. Thank you very much, Mr. Kiepper, for a very complete statement relative to the experience here with MARTA.

Let me see, you have generated $449 million from MARTA sales tax funds——

Mr. **Kiepper**. Yes, sir.

Mr. **Mineta**. Also, you refer to the sale of $150 million in revenue bonds. Now, how are you leveraging your sales tax revenues into the revenue bonds? How much of that is revenue bond funds?

Mr. **Kiepper**. The revenue bonds themselves are not included in that total.

Mr. **Mineta**. They're not included in the total?

Mr. **Kiepper**. No. That's $500 million in cash that has been raised. Now, a portion of the future tax is pledged to retire the bonds. Of the $500 million, approximately one-half has gone to support operations.

One of the reasons we have been able to maintain a low fare is that between 45 and 49 percent of the tax has gone to support operations, and so while our per-passenger cost today is approximately 85 cents, we charge only a 25-cent fare. It is the policy of MARTA to maintain the lowest possible fare.

Now, the remaining $250 million in round figures has gone in the form of cash to support the capital program, and we have pledged future sales tax revenues to retire the bonds. So we will be using some sales tax cash to retire the bonds, and some paid in cash for the system.

Mr. **Mineta**. Roughly how much of your operating expenses are you capturing through revenues?

Mr. **Kiepper**. We are raising approximately 30 percent of our operating costs from fares at the present time.

The General Assembly has mandated that effective July 1, next year it shall be a minimum of 35 percent, and so we will be adjusting our fares effective July 1 next year to bring it up to the 35 percent level.

That, incidentally, is becoming sort of an informal national standard, that the minimum of one-third or 35 percent of operating costs should come from the farebox, with the remainder coming from subsidies of various types. There is no formal requirement now, but that's sort of a rule of thumb.

I know UMTA from time to time has considered a minimum requirement, because some of the smaller communities who get Federal operating assistance are paying a very high percentage of their operating costs from Federal assistance, so we're moving I think in the direction of a floor in that area. We think 35 percent is reasonable.

Mr. **Mineta**. Then you get operating subsidies from UMTA?

Mr. **Kiepper**. That's correct. We're bringing in approximately 30 percent of our operating expenses this year from the farebox. I believe approximately 10 percent, 10 to 12 percent comes from Federal operating aid, and the balance comes from our local sales tax.

Mr. **Mineta**. You refer to the service for the elderly and handicapped. You don't have a complete system, I take it. You don't have a 100-percent accessible system?

Mr. **Kiepper**. No.

Mr. MINETA. You are providing optional local service?

Mr. KIEPPER. We have fleet of 29 lift-equipped buses. Incidentally, we surveyed the market a few years ago to find out what lift-equipped buses would cost if purchased new. At that time they would have run us between $70 to $80,000. Now I think the price would probably be pretty close to double that. We decided that we could renovate some of our older equipment, put in lifts, air condition the equipment, put in special hand-holds and special seating, and come out a lot cheaper, and in fact we did. We spent approximately $20,000 per bus to renovate the buses, and we have come up with a most satisfactory lift-equipped bus which is the equivalent of anything you can buy for an expenditure about $20,000.

Mr. MINETA. Is that a demand response system?

Mr. KIEPPER. Not exactly.

Mr. MINETA. How do you know where to put them, which routes and——

Mr. KIEPPER. What we do, we have an elderly and handicapped committee which is composed of representatives of all the principal agencies that deal with the elderly and the handicapped in the community, and through them we have surveyed the needs of severely handicapped people, and we have developed special routes. We provide a door-to-door service, if you will. We try to group requests in a particular section of Fulton or De Kalb County, and then provide a regular route service to take people to work, or to school, or to medical appointments, whatever the need is. The response to this has been very positive.

We, incidentally, do not think it is practical to try to make a major bus system completely accessible to the handicapped. This is an extremely costly venture, and we really don't think that it is cost effective, that it will provide that much more mobility to the severely handicapped. We think the system we have developed, and demand responsive systems which have been developed in other communities, are really far more efficacious than a goal of complete accessibility.

Mr. MINETA. Given the 504 regulations, what option do you have? What flexibility do you feel you have to exercise at the local level?

Mr. KIEPPER. We don't have much under 504. That's why the American Public Transit Association has brought a suit against the Department of Transportation to try to get that requirement modified.

We think frankly the regulation—you are probably a better judge of this than we are—went far beyond the Federal or the Congressional intent. The regulations would result in diverting many billions of valuable dollars that are needed to expand transit service into retrofitting old systems and old buses, and we don't think that is the best use of those sacred funds, given the problems that we face in expanding public transportation.

We really think that a close examination of systems like MARTA, where we do have special services, would reveal that a much better job, a more sensitive and effective job can be done that way.

Mr. MINETA. Who is the manufacturer of the MARTA railcars?

Mr. **Kiepper**. Societe Franco-Belge, which is a French corporaton. Virtually all of the subsystems of the car, however, are made by American manufacturers. The propulsion and control systems are made by Garrett Air Research of Torrance, Calif.; the air conditioning system by Safety Electric of Pennsylvania; the truck or wheel units by the Rockwell Corporation in Atchison, Kans. So while the general contractor is a French corporation, the car is more than 70 percent American, and most of the money is flowing into the United States.

Mr. **Mineta**. Have you had any problems dealing with UMTA's procurement policies?

Mr. **Kiepper**. No. As a matter of fact, at the time that we awarded the contract, which was in May of 1976, the law at that time required us to treat foreign bidders as American bidders. In other words, we could not discriminate in any way against for foreign bidders.

Now, since the time, of course, the buy-American provision has been added by Congress, but UMTA supported our award. We had only two bids, one for 56 million from Franco-Belge, and one for $72 million from General Electric, so it was a pretty good spread. But UMTA has been cooperative and, of course, it has carried out the intent of the law at the time the contract was awarded.

Mr. **Mineta**. What problems do you foresee now with the buy-American provision?

Mr. **Kiepper**. Well, the fact is, Mr. Mineta, that the American transit car supply industry, particularly rail supply, is not healthy; it has been in distress, there were virtually no customers for rail transit cars from the middle forties until the late sixties, and most of the old-line manufacturers, St. Louis Car, Budd, and many of the others went out of business. So at the time we bid there was only one viable manufacturer, possibly two, and subsequent to that time both of those companies, Pullman Standard and General Electric, have gone out of business.

Now, Budd has gotten back into business and has just gotten two orders, one from Chicago and one from Baltimore-Miami, and hopefully they will be healthy. But I think we have to take into consideration that it's probably going to take a decade for the American transit supply pipeline and the companies to become healthy and viable.

Supplying transit materials has to be a profitable venture so they can be healthy. They're not true right now.

In contrast, Europe, which has consistently supported public transportation, has many viable manufacturers of good reputation, and I think we're going to see in bids for at least the next 5 to 10 years the European companies bidding very attractively on American orders, and I think it would be somewhat shortsighted to rule them out arbitrarity. I think until the American industry develop itself and become competitive, we should not be shut off from sources of supply of proven goods.

Mr. **Mineta**. I tried to take the buy-American provision out of the legislation, but failed to do so. I think we should still pursue that.

Mr. **Kiepper**. I recommend you do so. I think it would be in the best interest of public transportation.

Mr. **Mineta**. Let me ask one last question, and that is, what has been your success in getting cooperation from the private sector as well as Government agencies on staggered work hours, spreading peak periods, and trying to go from a 5-day workweek to a 4-day, given some of the problems you might run into from the Wage and Hour Standards Act?

Mr. **Kiepper**. We have had very limited success to date. We have really just begun a major push. We had a special conference on the energy crisis and business here in Atlanta, sponsored by the Atlanta Chamber of Commerce, approximately 3 months ago, at which time these suggestions were put forth. We are now working through the chamber with local businesses on each of these suggestions, but actual demonstrable achievements to date are very, very few.

I can say that the sale of our TransCard, which is something we introduced last spring, and which I think is an indication of commitment to public transportation, has gone much better than we expected. We had about a 3-year goal of 20,000 sales per month, and we are now exceeding that, so there is interest in this kind of conversion to public transit.

We do expect to get a response from the business community on staggered work hours, but it is going to take more work.

Mr. **Mineta**. Let me ask one final question very quickly. Have you made any efforts on ridesharing, or is that something that you feel might take away from your own transit service? Have you been involved in any kind of ridesharing, carpooling, vanpooling?

Mr. **Kiepper**. We have not been directly involved, but the Georgia Department of Transportation has a computerized ridesharing program that we have cooperated with.

For example, before this building was opened, representative of the Georgia Department of Transportation and MARTA met with representatives of all the Federal agencies that were going to be located in this building, and we provided information on bus service and the rail service which was then prospective and is now a reality. The Georgia Department of Transportation provided information on ridesharing, and we asked people to look at both plans and to determine which would serve them best, and so we have been working in harness. We don't see it as a competitive situation.

We're also interested in the vanpooling concept which is now catching on in a number of industries. At this conference sponsored by the chamber we had representatives from Gulf Oil and a number of other major companies which are promoting the vanpooling concept, so MARTA as an organization is not involved in ridesharing. But we are supporting that program which is being handled by the Georgia Department of Transportation.

They have recently gotten an UMTA grant, incidentally, an FHWA grant, so they will be expanding their efforts.

Mr. **Mineta**. Mr. Gingrich.

Mr. **Gingrich**. Thank you.

Thank you, Mr. Kiepper, for your statement.

There are a number of points I would like to pursue for a minute. First of all, what percentage of the transportation miles in the Atlanta area are now public? Do you have any breakdown on those figures?

Mr. Kiepper. The latest figures that I recall, which are now a few years old, indicate that we are carrying between 8 to 10 percent of the total trips in the metropolitan area.

Mr. Gingrich. Have you and the Department of Transportation taken any look at in a serious gasoline crunch brought on by Iran or other problems what your percentage might have to go to, what level of conversion you might expect?

Mr. Kiepper. We have some goals. We could best serve, of course, the heavy employment centers where people travel along predetermined routes.

We now are carrying between 25 and 30 percent of the trips into the central business district. Our goal is to carry between 45 and 50 percent of those trips. We think that is entirely feasible with a combination rail-bus system. We hope in terms of total trips to approach 20 percent—this is for the region—which would be a tremendous increase in the number of trips we are handling.

We are doing some contingency planning. Unfortunately UMTA has changed its policy on the disposal of surplus buses. They used to require when we purchased new buses that we immediately dispose of the replaced buses. We found ourselves, when we got in a crunch a few years ago, having to go out and buy back some of the buses that we had to sell under pressure.

Fortunately, now UMTA has relaxed that requirement, and we do have a reserve fleet of 86 buses, and we are in the process now of readying approximately 40 or 45 of those to put back in service. And so it is a combination of things, Mr. Gingrich. It seems to me that the way we would meet a crisis would be to really seriously emphasize staggered work hours, which would do more than any other single thing to quickly enable us to carry more people. That is the most efficacious thing that could be done in the short term in terms of MARTA being more productive.

Second, we could put additional equipment into service. We have about a 10-percent reserve fleet which could be readied in about 90 days to go into service.

And then it seems to me a massive effort in the ridesharing area would be needed, particularly for those persons who reside outside the MARTA district. There are many counties that contribute workers to Atlanta that do not have MARTA service at their doorstep——

Mr. Gingrich. Do you know if a serious, intensive effort has been made to expand the ridesharing program?

Mr. Kiepper. I do not. I don't have firsthand information, but I'm sure that Mr. Moreland and Mr. Stanley, who will be testifying in the morning, can give you up-to-date information on that.

Mr. Gingrich. You had a 16-percent ridership increase in October, which I commend you for. How long can you continue that rate before you reach saturation?

Mr. Kiepper. Not very long. We now have 27 of our 136 bus routes that are exceeding our loading standards during peak periods. That's why we are drawing these buses out of reserve.

Our board of directors will have a public hearing on this subject next Monday afternoon, and it may be necessary that we have an emergency increase in our fare in order to provide funds for that purpose.

But I would say that I fully expect us to exhaust our reserve fleet during 1980 if gas prices continue to increase.

Now, fortunately we did receive a grant late last year for 50 additional new buses which we should receive in about a year. Those bids are coming in this month. So I would say MARTA is probably in better shape than most transit agencies because of the reserve fleet we have and the fact we do have some grants in the pipeline.

Most of the systems that I'm familiar with do not have reserve fleets of any size, and I think would have a crisis situation should their ridership be increased by anything like 16 percent——

Mr. GINGRICH. In your increase, has the rail operation so far lured passengers off your bus routes, or out of cars, or how would you explain that?

Mr. KIEPPER. It's difficult for us to say at this point because we are just getting cranked up. We did take an on-board survey on the east line in the late fall, and we're beginning to process the results of that. I think primarily on the east line we are getting conversions from bus to rail.

Interestingly enough, on the west line an eyeball survey that was done by a member of my staff last week indicated that about 40 percent of the car tags in the Hightower parking lot were from counties other than Fulton and De Kalb, and those people would normally, of course, not be riding public transportation. So I think we are attracting many new riders on the west line because we do offer an advantage in the terminal station at Hightower that is immediately adjacent to I-20. You can come right off a ramp and into our parking lot, and that apparently is being found to be a very attractive option by many people who live west of Atlanta.

Mr. GINGRICH. I want to personally commend MARTA for the foresight that it showed on the Midfield Terminal commitment. I think that is going to be a fabulous terminal, and it is a model of intergovernmental cooperation to put together that whole package.

I was talking with the subcommittee about the possibility of seeing that on their way out of town. It's something one who is interested in transportation who comes to Atlanta should have an opportunity to look at.

Mr. KIEPPER. It was a once in a lifetime opportunity, and it would have been a shame had we missed it, but with the cooperation of the city and UMTA we were able to pull it off, and we are very happy that that took place.

Mr. GINGRICH. I think it is also an example of wise government in that you took what would be an inevitable step at the appropriate time and in the long run saved a massive amount of money compared to going back and trying to put something in or reserving something later on. It is an example of the kind of efficiency in delivery systems that I think is a model for the whole Federal Government.

You make a point about Federal partnership, and I think Atlanta can be proud of the committed tax resources that it has put at mass transit's disposal. What are your views on spending the whole windfall profits tax which the chairman alluded to earlier. How do you see the role of mass transit in terms of where it should be on the priority list?

I will yield.

Mr. **Levitas**. Before we get off that point about the Midfield Station, did MARTA avail itself of any ADAP funding in the development of that portion of the system, or was it all UMTA funding?

Mr. **Kiepper**. Well, it's all local funding, but under no prejudice.

Mr. **Levitas**. Did you take a look at the use of ADAP funding, because when the last ADAP authorization was passed by the Congress, by this committee, we wrote a provision in that said that that portion of any transit system which is within the boundary of an airport can use ADAP fund for providing public transportation, and I was wondering if you took a look at that.

Mr. **Kiepper**. We did take a look at it, and we did discuss it with the city, but we were informed that the funds that had been allocated to the Atlanta area had been committed. We couldn't wait, so we went ahead, but that was explored.

I might emphasize again when we talk about using Federal funds other than UMTA funds, that we were very pleased with the cooperation that we received from the Federal Highway Administration and the Georgia Department of Transportation in getting interstate funding for the design of the Brookwood Interchange—MARTA crosses over the Brookwood Interchange—and, Mr. Chairman, this is a large complex interstate highway interchange just north of the downtown area where I-85 and I-75 merge and come through Atlanta on a common highway. It has been a sore point in Atlanta traffic for many generations, and it is going to be very expensive to get our transit line over it. But under new regulations which the FHWA has recently issued it is possible to use Federal highway funds for the design and construction of public transportation facilities where the two interface, and we did get some $7 million of funds for design and construction allocated.

We are also working with Commissioner Moreland of the Georgia Department of Transportation on the use of Federal highway funds for other points on the system where we have a connection between, or a close connection or a close proximity between Federal highways and the MARTA system.

The most likely prospect that we have is at College Park, where the Interstate System runs very close to the College Park station, and we are considering a connection there with their cooperation.

Mr. **Mineta**. In the kind of situation where there is a transfer of funds—your highway funds are at 90–10, your UMTA construction is 80–20—is there any chance they would use FHWA money at 90–10 in order to help build those transit-related facilities?

Mr. **Kiepper**. Actually they're going to be done under FHWA contracts, so I assume they will be done at 90–10. I don't really know.

Mr. **Mineta**. It's interesting. I had an amendment that I wanted to get through that would allow whenever there was that kind of lateral transfer from highway to transit-related that it would go at the highway rate. There was a great deal of opposition to that, but I see under the administration's new program that they have just sent to the Congress that in terms of the transfer they are advocating a 90–10.

Mr. **Kiepper.** I can't answer your question. I don't have direct knowledge of that.

The facilities at Brookwood will be built under Federal highway contracts, and I just assumed they would be 90-10, but you have raised a good question. I really don't know.

Mr. **Mineta.** Thank you.

Mr. **Kiepper.** But I might say I believe that former Secretary Adams should be commended for having taken the leadership in insisting that there be a high degree of cooperation between UMTA and FHWA. It took a bit of head-knocking, as you might imagine, but it has taken place and it is happening, and I think he ought to be commended for that, and Secretary Goldschmit by all evidence to date is continuing that policy.

Mr. **Gingrich.** I think it's particularly appropriate, Mr. Kiepper, you have mentioned it here in Atlanta, because I think there are as many examples of cooperation in this city in trying to develop a unified transportation approach from airports all the way through highways and mass transit. I think as a country as we face the problems of the eighties we're going to have to have more tightly coordinated programs. On your point about the Federal partnership, what are your views as to what extent should we should seek higher funding, if at all, for mass transit out of the windfall profit tax situation?

Mr. **Kiepper.** Well, I think you must understand I'm an advocate and obviously feel that public transportation deserves a very high priority. It's difficult for me being somewhat of a specialist to evaluate the requirements for the development of alternative sources of revenue, et cetera.

A suggestion has been made, I believe by Congressman Howard, that 25 percent of the tax be allocated to public transportation, and that the full public transportation program be funded under a trust fund arrangement. I understand that has been taken out of the legislation in the Senate.

I personally have some reluctance about the trust fund approach. I guess I'm at variance with some of my colleagues in the transit field in saying that, but I believe that there is a value in having a program subject to annual congressional review.

I think that we have a good program and that we can make a forceful case to Congress, and I would like to keep it in front of you gentlemen and ladies, because I think we are going to fare better than setting it over under a fund where it's somewhat isolated. I do think, though, that some allocation of the funds should be made, and we are hoping for at least a $15 billion allocation to public transportation, to be added to the previous authorizations that have been made by the Congress, and not as a substitute therefor.

Mr. **Gingrich.** Let me pursue this a bit. The question I've got goes back to the point that was made earlier about the whole process of building cars in this country and recreating a structured and sustained mass transit system. If we face real problems in the next 3 or 4 or 5 years, should we be trying to force feed the growth of the systam?

Is there a point at which in fact you can't expand mass transit any faster without massive inefficiencies, and therefore should we be very seriously looking right now at contingency planning for all sorts of paratransit approaches to get us through what is a potential crisis in the next 3 or 4 years?

At what point can you no longer absorb funds? Or is that so far down the road there's no point in even talking about it? Are the engineering systems, the construction systems such that we could pour far more money than we're talking about into mass transit and it would still grow relatively efficiently?

Mr. KIEPPER. I think there is a point at which it becomes inefficient. We have learned—if there is one thing we have learned here in Atlanta, it is that there is a limit to how much you can design and build of a linear system at any one time. By a linear system I mean one that stretches out over the countryside, and every foot you move you're running into somebody else's property and somebody else's utilities and the phased approach to rapid rail construction certainly makes sense.

We have got some real constraints on how quickly the industry can produce buses and how efficient those buses are. We have gotten ourselves in a terrible pickle in this country on buses. The buses that are being produced now represent more of a wish list than they do a practical public transportation vehicle. We are getting 1 to 1½ miles per gallon less on the new advanced design buses than we are on our older buses. We can't afford those kinds of inefficiencies with fuel having gone from 40 cents a gallon in January of 1979 to 76 cents a gallon in December of 1979. A mile and a half a gallon on a transit bus is about a third of your mileage rate.

It's going to take time to develop an efficient bus. Incidentally, the American Public Transportation Association within the last month has submitted a special report to Secretary Goldschmidt on bus procurement, which I recommend to you. I'll be glad to supply you with copies of that report, on ways in which we can simplify and improve the efficiency of bus procurement. I urge you to pay some attention to that.

I think, Mr. Congressman, there is a limit to how much we can take. It's going to take more than money, it's going to take improved procurement systems, it's going to take a desire to expedite Federal review, it's going to take a willingness to delegate more authority to local agencies, and it is going to take a recognition that high intensity capital projects can only be force-fed so quickly.

Mr. GINGRICH. Let me ask, first of all, can we have a copy of that report for inclusion in the record of these hearings?

Mr. KIEPPER. Yes. I'll have it delivered to you right away.

Mr. GINGRICH. Thank you.

[The following was submitted:]

american public transit association apta

John L. McDonnell, Chairman
Houston F. [illegible], President
James R. Maloney, Secretary-Treasurer
Harold L. Fisher, Immediate Past Chairman
Thomas O. Prior, Immediate Past President

Vice Presidents

Alan F. Kiepper
Harvey M. Moyer
Leonard Ronis
Robert N. [illegible]
John D. Simpson
John W. Smith
George Tyson
Linda A. Valdez
S. Michael [illegible]

B. R. Stokes
Executive Vice President

December 12, 1979

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TO: The Honorable Neil Goldschmidt,
Secretary of Transportation

FROM: Executive Committee,
American Public Transit Association

SUBJECT: Public Transportation Issues

Overview

Public transportation is poised for dynamic growth in the 80's. As a result of increasing public investment, changing consumer attitudes, and rapidly-changing transportation environment, transit ridership is increasing at an annual rate of over 8 percent in 1979. Ridership has increased each year since bottoming out at 6.6 billion trips in 1972 and will surpass 8 billion trips this year for the first time since 1967. Oil prices and supply constraints are influencing current travel behavior and requiring urgent actions to reduce future transportation dependence on petroleum.

Federal assistance to public transportation is an integral part of meeting National capital and operating financial requirements. Capital investment is dependent almost entirely on federal formula and discretionary funds which provide 80 percent of net project costs. Transit operations are funded by a combination of user fees from fares (about 50 percent of total operating costs), local and state funds (about 32 percent of total operating costs), and federal formula funds (about 18 percent of total operating costs).

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The level of federal investment is likely to increase substantially in the 80's; however, the relative shares of federal, state, local, and user-provided funds will be stable.

The flow of funds from the federal government is accompanied by a regulatory framework which has become pervasive in recent years. Federal government regulations, procedures, and policies affect every aspect of public transportation services throughout the United States. Many of the public transportation issues facing the Secretary of Transportation and the Urban Mass Transportation Administrator concern this regulatory framework.

Issues

Funding

Recent discussions of transit funding needs have concentrated on a 10-year capital assistance requirement of approximately 50 billion dollars. An immediate annual capital assistance increase of $1 billion must be a high priority.

Parallel increases in operating assistance are required to maintain and improve transit services in light of increased demand, and the urgent need to increase the transit bus fleet. APTA estimates that approximately $25 billion will be needed to maintain federal operating assistance. A long-term, assured source of federal funding continues to be an urgent requirement to permit long-range planning, budgeting, and programming of federal, state, and local funds.

Grant Delivery System

A cooperative effort to review and reduce paperwork requirements, delays, excessive documentation, redundant procedures, and administrative intrusion would increase the effectiveness and efficiency of the federal assistance program. In many areas, exception-based techniques, routing procedures, reduced federal oversight, and grantee certification can substitute for excessive documentation and federal review. Many specific recommendations have been made; however, implementation of agreed-upon changes has not taken place.

Project
Mgmt
System

Regulations

Recent regulations governing the UMTA program have tended to be costly, complex, and inconsistent with program goals and objectives. Agreement on a change in regulatory "style" would permit a review of existing regulations and appropriate revisions to give more credence to local decision-makers, to reduce federal prescriptions and requirements, and to permit performance oversight rather than mandate specific procedures, solutions, or techniques, etc.

-504
-Civil rights
Employment
MBE

Section 504

Recent Congressional Budget Office and National Research Council reports validate the enormous costs, low level of benefits, and overall ineffectiveness of the rigid DOT requirements for bus lifts, rail system retrofit, and interim service requirements under DOT 504 regulations. DOT should reopen the regulatory process, seek modifications to the HEW guidelines, and select regulatory options which require effective mobility benefits to handicapped persons who cannot now use public transportation.

Mayer

Bus Procurement

An APTA Task Force on Bus Procurement has considered several strategies to increase bus production, improve bus performance, increase manufacturing competition, and respond to an urgent national requirement to expand the transit bus fleet. Among the strategies considered was the concept of a federal purchase of buses described by the Secretary at the Annual Meeting in New York. In order to make a continuing impact on bus procurement levels, rather than a single goal of a large number of federally-porcured buses, the Task Force recommended a federal production guarantee of 150 percent of 1979 production. Attached are the Task Force recommendations.

Training and Development

Additional investments in training and development for all levels of transit personnel are needed on an urgent basis. A cooperative effort to prepare a multi-level broad training and development program should lead to significant funding under the authority of Section 20 of the Urban Mass Transportation Act of 1964, as amended. Program elements must include blue collar training for mechanics, drivers, dispatchers, etc., and management training for all management levels.

S2 | may

Small Urban and Rural Transit Assistance

Some of the most severe mobility problems in the nation exist in small cities and rural settings. Urban mass transportation legislation enacted in 1978 began to address the issue with the creation of the Section 18 capital and operating assistance program for small urban and rural areas. Existing obstacles to program implementation should be quickly reviewed. Changes to procedures, administrative responsibility, guidelines, and requirements should be recommended and implemented as soon as possible. Reasonable estimates of financial requirements should be prepared for re-authorization legislation.

Major Investment Policy

Major public transit investments must be an integral part of national community development policies for the 80's. Where justified by development, energy policy transportation demand, activity centers, and community preservation, major investments will yield an enormous return over a period of many decades. DOT major investment policies should be positive--seeking to document prudent investments for financing as funds can be made available.

APTA POLICY STATEMENT ON BUS PROCUREMENT

ADOPTED BY THE EXECUTIVE COMMITTEE - DECEMBER 12, 1979

The American Public Transit Association welcomes the initiative being taken by the Secretary of Transportation and the UMTA Administrator-designate to increase the availability of new transit buses as rapidly as possible in light of increasing ridership demand and the urgent need to reduce oil consumption.

APTA convened a Task Force on Bus Procurement to review current bus procurement policies and to recommend changes. Although the Task Force recognized the need for increased local, state, and federal operating assistance to provide additional driver, mechanics, and training to support an increase in the bus transit fleet, this statement deals only with the bus and bus facility procurement process.

The Task Force made one principal assumption:

> Federal funds for buses and bus facilities must be dramatically increased.

The windfall profits tax and immediate corresponding authorizing and appropriating legislation is the most expeditious means of generating these added funds.

The Task Force deliberations included discussions with bus manufacturers who have assured APTA that they are prepared to respond to additional orders resulting from simplified procurement procedures.

The Task Force recommends the following:

1. Federal grant delivery procedures must be simplified and expedited.
    a. The level of available Section 5 formula capital funds should be increased so apportionments are sufficient to meet national bus and bus facility replacement needs. Since urbanized areas are entitled to apportioned formula capital funds, grant requests for buses and bus facilities should be routinely processed without elaborate justification.
    b. Section 3 capital assistance requests for replacement buses and bus facilities should be granted on a routine basis. Grantees should be subject only to a minimum justification and specification review.
    c. Where feasible, multiyear contracts which include conditional approval of funds subject to future appropriations, should be used for Section 3 and Section 5 bus and bus facility grants. Grantees would prepare one grant request instead of several annual requests and, in some cases, would complete procurement in advance of federal funding. UMTA should consider multiyear replacement and expansion commitments to large transit systems to annualize replacement needs.

d. Capital assistance for maintenance facilities should be processed as one grant with two phases, rather than as two separate grants, one for engineering and one for construction.

2. Productivity and performance of current production buses must be improved significantly.

   Immediate design changes are mandatory to improve fuel economy, increase passenger capacity, reduce operating and maintenance expenses, and to lower capital costs.

   To achieve these objectives the following actions are recommended:

   a. APTA, UMTA, and bus manufacturers should review specifications and agree to modifications which will accomplish the objectives. Operating test results should be used to confirm that the modifications are effective.

   b. Modifications should be phased into production as soon as possible.

   c. Elimination of amenities no longer consistent with national needs should be considered.

3. The federal government should guarantee incremental increases in bus production for a period of at least 5 years.

   The federal government should seek legislation authorizing the Secretary of Transportation to guarantee sale of up to 150% of qualified manufacturers' 1979 production. The guarantee would provide the necessary incentive for manufacturers and suppliers to increase inventories and manufacturing capacity. The guarantee should be reviewed and adjusted annually, as appropriate.

   Key elements of this plan include the following:

   a. The guarantee would take the form of a federal procurement of such quantity of buses which exceed those ordered by transit operators and are necessary to achieve the guaranteed production.

   b. APTA will recommend specifications to achieve a simplified standard national bus for federal procurement. As an alternative, buses produced under the federally guaranteed procurement would be consistent with then current bus production.

   c. Allocation of federally-procured buses would be on the basis of need, in a manner jointly determined by APTA and UMTA. In order to benefit from rapid delivery, these buses would be available to transit operators which elect to substitute such buses as an alternative to the local bid process providing local matching funds are available. In addition, such buses could be allocated by a federal grant of equipment or by temporary leasing to operators with short-term needs.

d. Any additional manufacturer who can meet all applicable U. S. laws and regulations should be invited to contract for the production of buses for testing and qualification purposes.

4. Grantees should be permitted to issue non-exclusionary bus specifications without prior federal approval.

   Such specifications would conform to federal regulations.

   UMTA should develop procedures for negotiated and life-cycle cost procurement techniques.

   APTA will obtain agreement between manufacturers and operators on simplified standard designs and specifications of major components and features.

5. Bus rehabilitation should be encouraged.

   UMTA should encourage and fund bus rehabilitation capital projects where operating agencies deem such projects feasible.

   UMTA should not require rehabilitation to include lift retrofit since such installation will make rehabilitation structurally and financially infeasible.

6. Grantees should be able to create reserve fleets in accordance with local needs.

   The creation of stand-by bus fleets through the replacement process or other means should be left to the discretion of local policy makers determining their own needs. Federal procedures impeding these actions should be eliminated.

7. The federal government should initiate a bus demonstration program.

   Current federal regulations adversely affect bus productivity. Accordingly, manufacturers currently participating in the U. S. bus market should be invited to produce practical and economical bus prototypes to demonstrate performance and productivity improvements.

   In addition, the federal government should procure a variety of unmodified foreign buses for deployment in U. S. cities to demonstrate their operating and maintenance costs, reliability, and rider acceptance.

   Cost/benefit analyses of both such demonstrations could lead to changes in current federal regulations affecting bus productivity and performance levels.

APTA believes these recommendations will increase the number of buses manufactured for deployment in the United States and significantly improve bus performance and productivity. APTA is prepared to support these actions through industry committees and the Transit Development Corporation. Public transit agencies will play an active role in carrying out each action, in conjunction with UMTA and the manufacturing and supply industry.

Mr. Gingrich. Second, you mention 4-day workweeks. Are you suggesting staggering those so that some people start on Monday, some on Tuesday, some on Wednesday and that sort of thing?

Mr. Kiepper. Yes. I recognize there has been a rather comprehensive study on 4-day workweeks, which we reveiwed in our office, and it's not too promising. The experience with 4-day workweeks has not been good. Someone mentioned—one of you mentioned the wage and hour law—you've got union requirements, union contracts.

Mr. Gingrich. Staggering the time you come to work works a lot better?

Mr. Kiepper. Much better. In certain specialized industries I think the 4-day workweek does have some promise.

Mr. Gingrich. My colleagues have been very patient with me. I would like to ask one last question.

You mention you have urged public and private organizations to subsidize employee transportation on MARTA rather than subsidizing parking. This may seem like a crazy idea, but would a tax credit or a tax deduction for those kinds of mass transit costs—would that have any significant impact in your judgment as a way of increasing the desirability of shifting away from the private automobile onto——

Mr. Kiepper. I think it would probably do more to direct attention to public transit than it would be a practical benefit. We are talking about $120 a year. I guess in some tax brackets that would probably be significant, but I think the real value would be that it would direct attention to the fact that public transportation is a preferred alternative and the policy of the U.S. Government is to encourage it. That I think would be significant.

Mr. Gingrich. It struck me that a tax credit would probably be fairly significant for a lower income family.

Mr. Kiepper. That's true, a tax credit rather than a deduction. That's true, that would be very substantial then.

Mr. Gingrich. Thank you.

Mr. Mineta. Mr. Levitas.

Mr. Levitas. Thank you, Mr. Chairman.

I might add, Mr. Kiepper, that I got down to the Russell Building today by riding the rapid transit system from Decatur. It was a very quick, comfortable and an enjoyable ride—also a lot more convenient and less expensive than trying to park downtown.

Mr. Kiepper. I hope you have taken more than the normal pride since you were a major contributor to the system, sir.

Mr. Levitas. Thank you.

What is the impact of the fact that several of the adjoining counties to Fulton and De Kalb are not presently participating in the Atlanta or Metropolitan Atlanta Transit System as such, and what do you see for the future?

Mr. Kiepper. Well, I think the major impact is that there is some very important planning which needs to be done now to make provision for public transportation, both bus and rail, that is not being done to the extent that it should.

The Atlanta Regional Commission is, of course, making provision for public transportation in its very broad regional transportation plan, but we are at the point now where the Georgia Department of Transportation has developed a park-ride lot program that it's beginning to fund. The absence of participation in MARTA is making it difficult for the planning for those lots to proceed efficiently, because we are encumbered in our ability to serve them. I think one thing we have learned is that public transit is a long-term proposition. You don't turn things around overnight. We have been at it now for 8 years, over 8 years since the referendum, and we are just now getting what I would call meaningful results as shown on paper. So the longer these counties stay out, the longer it's going to be before the benefits are realized.

We have a difficult political problem because the taxpayers and citizens of Fulton and De Kalb Counties are obviously reluctant to have the taxes they are paying go in any way to plan or develop public transportation facilities elsewhere, and we can't blame them for that. I am one of those residents, and I have a bit of resentment too.

But by the same taken, if we don't do some planning and don't start taking some steps those counties are going to find themselves in a very energy-inefficient picture in a few years, and their growth is going to be adversely affected.

I personally hope that the Georgia General Assembly will take the leadership in this situation to attempt to find means to bring the surrounding counties into the MARTA system, and I think that's about the only place where sufficient authority rests to enable it to happen.

Mr. Levitas. Do you anticipate that when some of the rapidly growing adjoining counties finally recognize how important it is to their own economic development and service to their citizens to participate in MARTA that they will be able to buy into the present system?

Mr. Kiepper. The concept in the act as it stands at the moment is that no county that comes into the system at a later time beyond the intial referendum shall do so to the disadvantage of counties that voted themselves in initially. The implication of this provision is that some type of back payment, either lump sum or paid over a period of years, should be made. That's the concept, and I think that is supported by the participating governments, so that it's going to have to be faced up to. And again the legislature will have to determine just how that particular provision would be implemented.

Mr. Gingrich. I represent some of those counties we're talking about, and I want to publicly commend Mr. Kiepper and MARTA for the attitude you have shown in trying to develop some cooperative ties and to look down the road to where there could be a real problem. I hope we can all work together in reaching a regionwide solution on mass transit at a time of rising energy costs. I just want to commend you for the meetings we have had at South Fulton and elsewhere on this whole issue. Thank you.

Mr. Kiepper. Thank you.

Mr. Levitas. What have been the problems for MARTA posed by the competing demands between the inner city areas and the suburban areas as far as service and construction of facilities, and how have you dealt with them?

Mr. **Kiepper.** The basic problem we have had to date has been one of—I guess you might simplify it by saying service versus fare. There was in the original referendum a commitment to the lowest possible fare, and we did, of course, for 7 years maintain the 15-cent fare, which was the lowest in the country.

Some of the suburban State legislators, and to a lesser degree some of the suburban elected officials felt that by maintaining that policy and by using a very high percentage of the the sales tax for fare subsidy that bus expansion was being hindered. To some degree that was true because we did have a very high sales tax need to maintain a low fare.

With the raise in fare, the increase in fare to 25 cents, that has become less of a problem. We are now projecting an increase in fares over the next few years to bring us up to about the 60-cent level in about 3 years.

Our problem has changed now. It's not so much a matter of resources, sales tax resources, as it is being able to actually field the equipment and get the job done. I think that is less of an issue than it was, because the very pressures of diesel fuel increases and cost-of-living adjustments for union workers is driving the fare up. It's very difficult for us to control that.

I think another problem that we have now is a matter of system priorities, what should we build next. The general assembly gave us a pretty firm, unequivocal direction at its last session when it said that the north-south line shall receive the next priority. This was done as a condition of extending our sales tax at a full 1 percent for an additional 15 years. It was orignally to drop to one-half percent in 1982. We asked that is be continued indefinitely. The general assembly granted a 15-year extension on the condition that we emphasize this line, which is the high priority line with the greatest patronage yield, so that has caused some difficulty.

We now have a suit which has been filed by the Atlanta Chapter of the NAACP. It wishes to remove the Clayton County and Gwinnett County members from the board. This is an outgrowth of the construction priority problem, the NAACP Chapter feeling that the Proctor Creek branch which serves a large public housing project called the Perry Homes area should have received higher priority.

Those are some of the tensions and problems that we continue to have.

I would say that as far as the board is concerned, that most of those issues have been resolved. Construction priority has clearly been resolved by the board unless it's upset by the courts; the matter of fare policy has pretty well been resolved by the board with the assistance of the general assembly, which is requiring 35 percent of costs from fares effective next July. So gradually some of the old problems have been resolved, but we will always have new ones.

Mr. **Levitas.** In answer to a question by Chairman Mineta, you made reference to the fact that by law you were limited to the use of not more than 50 percent of your sales tax for operating purposes. Do you consider this to be a beneficial restriction on the activities of MARTA, so that available funds for construction will be there when needed, or do you feel that this has interfered with the process of constructing and operating the system?

Mr. KIEPPER. I consider it to be beneficial. I haven't always felt that way as you know, Mr. Levitas, but I do think in retrospect and given the conditions we have today, and some of the pressures and problems we have endured, that it is a beneficial provision. It is desirable to reserve unequivocally half of the income for construction. I think it is imperative that the rest of the system be built.

Mr. LEVITAS. You also made reference to the fact that the legislature will require 35 percent of the operating costs to be borne out of the fare box beginning next year. It's my recollection that additionally there was a requirement at some point that it be 50 percent, or was this reduced by the general assembly?

Mr. KIEPPER. No. There is an interesting provision of the act, and the wording escapes me at the moment. I believe the provision was not more than 50 percent of the operating cost could come from the sales tax. That's the provision, and that's different than 35 percent coming from fares. The prohibition is not more than 50 percent of operating costs can come from sales tax. That provision, as I recall, Mr. Levitas, came into play in the early eighties. I think it was coincident with the drop in the sales tax.

Mr. LEVITAS. That was my recollection.

Mr. KIEPPER. That's correct. And I think that provision has now been deferred until the date when the tax drops.

Mr. LEVITAS. Now, you have, on several occasions, made reference to the role of the State, the State department of transportation, as well as activities by the general assembly. It might be helpful for the committee and for the record if you would give us your views on the relationship between the rapid transit authority, the Metropolitan Atlanta Rapid Transit Authority, and the State government, both the executive branch and the legislature, because quite obviously the imposition of a sales tax, or the authority to impose a sales tax or to increase a sales tax and maintain a sales tax has got some negative aspects for people who don't live in the Metropolitan Atlanta area, and this is an Atlanta regional project. What has been your experience and what do you perceive to be the cooperation and role of State government in dealing with such matters?

Mr. KIEPPER. Well, I think that the general assembly really took quite a courageous step when it authorized the levying of a local option sales tax. You will recall, you were in the general assembly at the time, that this was a major step. There was considerable resistance to doing it. We consider that in one sense the general assembly is our parent. We actually have a number of parents, the local governments and the general assembly, but the basic authority to set up MARTA as an agency flows from the general assembly, and I think that the overview committee which was created back in the middle seventies has proven to be an effective way of communicating to the general assembly. We have found that the State leadership has been sensitive to our requirements. Amendments to the act have not come quite as quickly as we would have liked, but when we get right down to it they are responsive and the changes have been made.

Given a new agency and considering the inherent suspicion which all Americans have of public agencies, I believe that we have established ourselves reasonably well. I believe we have earned the respect of the general assembly, and I see at this point a very good working relationship between the general assembly and MARTA.

I think that has been aided considerably by the attitude of the Georgia Department of Transportation, which in my opinion has undergone a very remarkable and beneficial change in its attitude toward transportation, and in particular public transportation. I think one of the reasons that that has happened is that the general assembly assigned to the Georgia Department of Transportation public transportation responsibility in all metropolitan areas of the State other than Atlanta, so they now have the responsibility for promoting and aiding and abetting public transportation in Columbus and Savannah and Augusta and the other major urban centers outside of Atlanta. We have found that since they have gotten involved in the process they are much more sensitive and cooperative.

I meet regularly with the board of the Georgia Department of Transportation, at least once a quarter, and brief them on our progress and our interface. Of course, our system continually crosses State highways, and we are constantly involved in cooperative arrangements. So I think that the whole process has been beneficial to the department in its growth from a highway department to a department of transportation.

They have been quite intrigued, for example, with some of the construction techniques we have used, and are beginning to use some of them in their construction. So I see the level of cooperation and the support we are getting from the State to have been on a steady increase, and I consider the relationship at the moment to be very good.

Mr. **Levitas**. And very important for the development of public transportation in this area.

Mr. **Kiepper**. Absolutely. We are going to constantly require modification and fine tuning of our basic act, of our relationships in the community, and the general assembly is, of course, the body that has the authority to make those changes.

Mr. **Levitas**. You will, I'm sure, permit me to take a certain amount of personal satisfaction in what I have heard you say on this subject. It was my feeling you were getting in the establishment of the legislative overview committee and the imposition of the 50-percent restriction on operating funds a type of atmosphere with a cooperative rather than an adversary relationship, and it's one of those few occasions when we can see that we hoped to have accomplished actually accomplished.

Mr. **Kiepper**. I think the overview committee under your chairmanship, under the chairmanship of Representative Hugh Jordan, and now under the chairmanship of Representative John Greer of Fulton County has been particularly helpful and served as a catalyst in dealing with the Governor and with the leadership of the general assembly. I think without the existence of the overview committee the level of cooperation that I have just described probably could have not been achieved.

Mr. **Levitas**. That leads me into another observation which at some point this committee and the full committee will necessarily have to deal with.

We are focusing today on urban mass transportation where we can provide the type of transit services you find in denly populated areas such as the metropolitan Atlanta region, but a great deal of transportation for Americans cannot be served by urban mass transit systems. You can't have a mass transit system down in Hahira, Ga. and its environs, but people still need to get to and from their farms, their businesses, their residences. As we focus on urban transportation problems we must continue to be mindful of nonurban transit problems, and to the extent that we view them cooperatively, that as we depend upon the more rural areas to support urban transit projects, at some point those of us from the urban areas are going to have to devote a great deal of attention and resources to the nonurban public transportation needs of America, and I think this is sort of laying the goundwork for that type of cooperation.

One last point——

Mr. KIEPPER. Mr. Levitas, may I? The American Public Transit Association, of which I serve as vice president of management and finance, is concerned about this small urban and rural problem also, and we have recently set up a task force to cooperate with UMTA and, which, of course, would be available to cooperate with this committee on this subject. We recognize the very high percentage of Americans that will not be served by the major urban transit systems such as MARTA. So APTA is quite concerned about this.

Mr. LEVITAS. Since you mention that, does your APTA report and position take into account the need of providing intercity bus transportation for small communities which don't have either rail or other means of public transportation?

Mr. KIEPPER. That's within the purview of this task force. and I'll be glad to see that that gets before the committee.

Mr. LEVITAS. One other point. Your statement—and this is the last question I have—refers to the decision made by the MARTA board in cooperation with authority granted by the general assembly to use local funds to move forward in construction of the rail system even without or in anticipation of grants from UMTA under what you called a no-prejudice letter that you received from UMTA. I think it would be very helpful if you would describe to the committee a little bit how this works, what the philosophy is behind it, and what are some of the benefits.

For example, aside from constructing the system, a benefit that immediately occurs to me is offsetting inflation. With inflation in this country going up at 10 percent annually, stating it optimistically waiting 3 years to get an urban mass transit grant costs the taxpayers 30 percent more, which can be saved by moving the project forward.

Would you elaborate on this, because I think it's an extremely important and ingenious device which MARTA is using with the cooperation of UMTA.

Mr. KIEPPER. That's timely question, because UMTA is now in the process of reviewing the whole matter of how commitments are made, and we're in a transition period right now.

The concept of the letter of no prejudice is that UMTA will review a proposed project and determine that it meets all of the

Federal criteria for a grant, and then authorize the local agency—in this case MARTA—to proceed with a 100 percent local funding with no commitment for Federal funding, but merely eligibility should funding become available and should a grant be determined.

In other words, none of the work that we do will be declared ineligible for Federal funding by its nature, so we proceed to carry out no-prejudice work exactly as we would if we had a grant; we follow the same procedures for procurement and contracting and reporting, et cetera.

Now, what this has allowed us to do is to proceed, as Congressman Levitas indicates, in a timely way as soon as plans and land are available and avoid the 12 percent a year, which is the rate of inflation in Atlanta right now in heavy construction.

Now, UMTA is now developing, and I understand Congress has now approved—perhaps it's your committee—a new letter of intent procedure which would constitute the next step in funding commitment. It would represent a statement of intention on the part of UMTA to fund. That's going one step beyond the letter of no-prejudice.

But we have used the letter of no-prejudice, as I mentioned, at the airport and at Brookwood for preliminary planning of the north line to Lenox, and in a number of other instances where we would be handicapped if we had to wait for Federal funds. You see, our situation is we were given a very generous grant back in 1975, a commitment of $800 million for phase A. UMTA is now in the process of honoring commitments from other major systems like Baltimore and Miami, and we recognize that for this fiscal year and probably next that there will be little, if any, funding available for MARTA. Absent the windfall profit tax income there will be relatively little additional money. So our alternatives are to just sit and let the costs go up and do nothing until the Federal funds are available or be willing to put our money out in front to keep the work going. The letter of no-prejudice is a most valuable technique that ought to be encouraged during the periods of high inflation, in particular and when facilities are needed as desparately as they are.

If we sat around and waited for the Federal grants to be at hand, we wouldn't be into the airport until 1995 rather than 1985, as we intend to be, and to Doraville.

It does, of course, require a source of local funding so that you can come up with the dollars to do the job, and we fortunately have that source of funding which most systems do not have.

Mr. **Levitas**. Let me interrupt. It's also part of the no-prejudice letter approach that when the Federal funding is made available that the local funds which have been put up under this procedure can then be called upon as part of the match for the Federal grant?

Mr. **Kiepper**. Oh, yes; what we are doing is rolling our money. In other words, we are putting up $164 million now to build from the Arts Center down to West End. As soon as we get Federal funds to replace that, then we will take those dollars and roll them out to build further up the line.

Mr. **Levitas**. That is not just on the current receipts from the sales tax, that's from the proceeds of the bond sales which again leverge the amount of money that's available because you don't have to have it all in hand. All you have to do is sell the bonds, and so you have large sums of money available right now. Those bonds are paid off over a period of time as the sales tax receipts come in.

Mr. KIEPPER. That's correct. And again to get back to the partnership with the general assembly, if it had not been for the support of the general assembly and their confidence in our program we would not have the additional tax receipts to leverage the additional $450 million in bonds so we could move ahead.

Mr. LEVITAS. What is the interest rate paid by MARTA on its bonds?

Mr. KIEPPER. The last rate we paid on a $100 million issue that we sold about 18 months ago was I think 6.7 percent.

Mr. LEVITAS. Which is half the inflation rate.

Mr. KIEPPER. Yes, sir.

Mr. LEVITAS. So again we beat inflation and saved the taxpayers' dollars.

Mr. KIEPPER. And get the facilities when we need them rather than waiting another decade for them.

Mr. LEVITAS. Thank you, Mr. Chairman.

Mr. MINETA. Thank you, Mr. Levitas.

Mr. YOUNG. Thank you. I will be very brief.

I appreciate the opportunity, Mr. Kiepper, to catch up on some of this. I've got all kinds of questions here, but I don't quite understand MARTA's relationship with the general assembly.

Is there a coordinated effort—is there an organization that coordinates activities involving MARTA, the general assembly, the DOT? How does this function, or are you all independent?

Mr. KIEPPER. We are an independent authority.

Mr. YOUNG. Your board members are appointed by whom?

Mr. KIEPPER. We have 14 board members: 11 of them are appointed by the local governments that we serve; 4 are from the city of Atlanta, 3 from De Kalb County, 1 from Clayton County, 1 from Gwinnett County, and 2 from Fulton County. That should come up to 11. Then we have three ex officio State officials, the commissioner of transportation, the commissioner of revenue, and the executive director of the State properties commission. They were added by the general assembly some years ago, and they provide a liaison with the State.

Mr. YOUNG. So the new Governor coming in does not make any appointments. They are already in place by virtue of their office, those other three?

Mr. KIEPPER. He does appoint the Commissioner of Revenue, and he does not appoint the executive director of the State Properties Commission. Now, he indirectly appoints the Commissioner of Transportation. The appointment is actually made by a board, but normally on nomination of the Governor. So the Governor would have some input. A new Governor would have some indirect input in that one appointment and indirect input into two others.

Mr. YOUNG. In any application of the sales tax, do the local communities that have the sales tax authorized by the General Assembly, do they have any input into the amount of money, how that 1 percent is utilized by you? Does it automatically go to MARTA?

Mr. KIEPPER. The technique that was used, Mr. Young, was that a contract, an assistance agreement was entered into between MARTA and the counties, and it was the contract under which the counties agreed to levy the tax and MARTA agreed to build and operate public transit facilities that was actually the subject of a referendum in 1971. The contract was published in the newspaper, and the subject of the referendum was:

> Shall Fulton County, De Kalb County and the city of Atlanta enter into a contract, an assistance agreement with Metropolitan Atlanta Public Transportation——

Mr. YOUNG. Which included the sales tax provision?

Mr. KIEPPER. That's correct. Under the terms of the contract the local governments levied the tax, the tax is paid over the MARTA by the State Department of Revenue, and MARTA takes that money and is responsible under the provisions of the State act for designing and constructing the rail transit system and bus facilities and operating the system.

Mr. YOUNG. Then you have to go back to the General Assembly every so often for the sales tax, for reaffirmation of the whole thing, or how does that work?

Mr. KIEPPER. The tax was levied at 1 percent for 10 years, then to drop to one-half percent. But in the last session of the General Assembly, at the request of MARTA, the tax was extended for an additional 15 years at 1 percent.

Mr. YOUNG. At 1 percent?

Mr. KIEPPER. Then it drops to half a percent.

Mr. YOUNG. It's a little different in Missouri; it's a 2-year limitation and right back to the General Assembly, so there are just all kinds of problems in that short-term financing.

Mr. KIEPPER. I would think it would be extremely difficult to issue bonds or to make long-term commitments under such an arrangement.

Mr. YOUNG. I notice you said you had some direction from the General Assembly on completing the north-south line to the airport.

Mr. KIEPPER. Yes.

Mr. YOUNG. Can they do that?

Mr. KIEPPER. They did.

Mr. YOUNG. And you have to do it?

Mr. KIEPPER. Yes; we do. It was an agreement that was entered into between the leadership of the MARTA board and the leadership of the General Assembly as a condition for extending the tax. It's a subject of some controversy, but there was a basic agreement on the part of the majority of the MARTA board that that should be done. There were some members of the board who did not feel that commitment should have been extracted, but it was clear that if the board did not agree the tax wouldn't have been extended and the completion date of the system would have been extended indefinitely. In my opinion, given the effect of inflation, it probably would never have been completed if the tax hadn't been extended. I think it was imperative that it be extended.

Mr. LEVITAS. Would you yield on that point?

Mr. YOUNG. Yes.

Mr. **Levitas**. Obviously I was asking Mr. Kiepper some questions for the record to point out some of the political realities that are essential in making a system of this sort work. The one just referred to—incidentally, it's one which I fully supported—the agreement to complete the north-south line, was the result of an apprehension on the part of the people in the outlying areas and their representatives that if that commitment was not made that there would be a diminution of interest on the part of say the city of Atlanta, for example, in completing that portion of the line which goes beyond the city of atlanta into the unincorporated areas of De Kalb County. And yet in terms of revenue production it will probably be the most productive segment of the system. Facing those types of political realities, these types of practical political resolutions were achieved, and it's an experience I think is going to be repeated elsewhere in the country. I think it's important to make that record at this point.

Mr. **Young**. Yes, I have thoughts about the additional cost. What about the cost factor in a situaton like that?

Mr. **Levitas**. In this instance the cost factors are clearly justified. That is the most revenue-productive portion of the entire system. It was the political pressures that might not permit it to be completed that were creating this apprehension on the part of people who had been paying taxes into the system for a number of years. They wanted to be very sure they got the service before they went ahead and extended the sales tax for another 15 years.

Mr. **Young**. I have the airport in my district, so it would fit in perfectly with my situation. But I just don't know how it would sell. Thank you very much.

Mr. **Kiepper**. Thank you very much.

Mr. **Mineta**. What kind of parking is available at the outlying stations along your system?

Mr. **Kiepper**. Generally speaking, Mr. Chairman, the size of the lots increases the further you get away from the central business district.

We have a total of 33,000 spaces planned for the total 53-mile system. If I recall the figures correctly, we have 9,000 east and west, 9,000 spaces on the east-west line with a 1,400-car lot here, and an 1,100-car lot here. They get smaller as you get closer into town, and the close-in stations, the subway stations in the center of the city, of course, have no parking.

Mr. **Mineta**. Is there a charge for that parking?

Mr. **Kiepper**. No, not at this time, but we are considering what we call a demand responsive charge primarily to encourage people to take feeder buses. I mentioned that. Also, 3 months after we put the east rail line into operation we eliminated parallel buses, buses that parallel the line, and put them in a feeder configuration going out into the areas along the corridor.

The preferred method that we would like people to use to get to the MARTA rail system is the feeder bus. That is the most efficient and, of course, the most energy conserving alternative, and gradually I think we are getting people to use the feeder buses. Of course, there will be people who cannot be served effectively by feeder buses, and they will have to park, but our basic philosophy is to make it as convenient as possible by bus. Parking is the second alternative.

Incidentally, just to show you that we try to be broad thinkers, we have emphasized bicycles too. We have a comprehensive bikeway plan in Metropolitan Atlanta, and all of our rail stations have facilities for parking bicycles, including lockers which you can lease at $2 a month from the authority to store your bicycle. We are hoping that in the future that will be a method of transportation, and given the experience in Europe I think it might well be.

We are also trying to provide convenient and safe walkways with sidewalks around the stations, trying to make it as convenient as possible for people to get there by means other than cars.

Mr. MINETA. Mr. Kiepper, if there were to be a major new Federal commitment to increasing transit capacity in the 1980's, in your view what effect will that have on the burden of operating subsidies? Is increased capacity going to increase operating subsidies proportionately?

Mr. KIEPPER. I think the basic answer to that is yes. I do not think that as the need for public transit rises and as the necessity for public transit rises, that there ought to be a simultaneous shift toward the fare box bearing a larger share of the burden.

Back in 1972 when MARTA got started we did not yet have the Arab oil boycott, we didn't have the oil prices that we have today, and so the 15-cent fare was an inducement, sort of a loss leader if you will, and I think it served a useful purpose. It acquainted people with public transit and what it could do. But in my opinion that's not an efficient technique in the long run. I believe we ought to go to a minimum 35 percent fare box, that the fare box provides 35 percent, and maybe even consider increasing it.

Again, I'm at somewhat of a variance with some of my associates in the field in thinking that the prime source of fare subsidy ought to be local funding. I do not think it is in the best interest of public transit for the Federal Government to get substantially more heavily involved in operating subsidies, and I say that selfishly, because out of the operating subsidies are flowing many additional Federal regulations which are actually increasing the cost of operation.

I believe that the control of local transit policy ought to rest firmly in local hands, and I think the way to assure that is to have funding of local operations be primarily in local hands. I think the Federal role ought to be primarily one of capital, of providing capital resources to build the facilities, to buy the equipment, to build the garages and provide some, but limited, operating subsidies.

I think there has got to be a local commitment, and unfortunately many communities haven't been willing to make that. I think that needs to be done.

Mr. MINETA. Thank you. Mr. Gingrich?

Mr. GINGRICH. Thank you. What has been your experience with the transportation systems management approach? It is just another layer of paperwork, or does it work?

Mr. KIEPPER. It's been of very limited usefulness primarily because of substantial funding constraints on the part of the local governments, particularly the city of Atlanta. The city has had resources to enable it to do the kinds of things that need to be done in certain areas of the city—widening intersections, improving signals progression and that sort of thing. As a result, lacking local resources, it has been difficult for us to promote TSM. I think it is of limited value even under the best of conditions, but it certainly deserves some emphasis. I think it was overemphasized at the time it was implemented. It really constitutes just good management right now. You shouldn't have to have a Federal program to get people to manage their resources well or to manage their facilities to get maximum utilization, but in Atlanta because of restrictions on local funding it has been of very limited value.

Mr. Gingrich. In this region what have we done because of TSM that we would not have done otherwise?

Mr. Kiepper. I'm not sure whether it was a TSM project or not, but the city did put in a much more efficient lane utilization system in the Brookwood corridor of Peachtree Road in which it now uses an overhead light system to alternate lanes, and that has improved traffic flow considerably. I'm not sure whether TSM funds were used for that or not, but that's an example of what can and should be done.

The city has many main arteries, the capacity of which are limited because of obsolete signal systems. If funds could be made available somehow to help correct that, it would obviously help us also because our buses are in the same traffic.

We have gotten some cooperation from the Georgia Department of Transportation in improving traffic flow in some areas. Again, I'm not sure whether that has been a formal TSM project or not. But overall TSM has not been particularly advantageous here.

Mr. Gingrich. In your statement you mention that you are trying to get a 50-percent railcar availability and that you have surpassed that target. What seems to be the problem that in such a massive capital investment at any one time 50 percent of the railcars are not available on some systems?

Mr. Kiepper. Keep in mind now we are talking about the early stages of operation. We were looking at a target for our first year. The problems in BART I think have been pretty well cataloged. BART had a problem of design plus poor quality control in its electronic components, and that resulted in a very high failure rate in their cars.

Now, Washington improved on that somewhat, but it also had a much higher failure rate, particularly in braking and with door problems in their initial phases, so we were scared, frankly, because of their experience. Once burned, twice cautious. Therefore, we built into each major component system of the MARTA transit car extremely high reliability and maintainability standards. In other words, each component had to meet certain reliability and maintainability and safety standards before it was put in the car. We figure that by having each component individually tested and meeting certain standards, when we put them all together the system ought to operate to a higher degree of reliability, and in effect it has.

Mr. Gingrich. You alluded earlier to having learned from all that. Do you think you may become more typical of the future experience rather than the earlier——

Mr. KIEPPER. Oh, definitely. For example, the big problem we're having, and it is a pesky problem although it is not significantly inhibiting performance, is electromagnetic interference from the control system in the car interfering with signals from the train control systems. We have had to make some adjustments; we're going to have to do a retrofit on the train control system to eliminate it.

Well, we have alerted Baltimore and Miami to this problem. They have studied it carefully, and in their new cars, which are now under production, I'm confident that will not be a problem and, therefore, their reliability will be better than ours. That is a perfect example of how sharing of problems will improve the state of the art as we move along.

Mr. GINGRICH. One last area.

Mr. KIEPPER. I would be remiss to say, though, Mr. Congressman, that a lot of our performance is due to exceptional performance on the part of our people in the department of transit operations, particularly the rail maintenance division. We had to start from scratch in building that division, and we were fortunate to get an experienced man, Mr. William Gage, from the Long Island Railroad. He has built a very competent staff that has contributed a great deal to our high car availability, and I would be remiss to say that it was entirely a matter of specifications and quality control. It was as much exceptional performance on the part of our people that enabled it to happen.

Mr. GINGRICH. One last area. You mentioned earlier the whole problem of production of both bus and transit rail systems. From your standpoint as a professional are there steps we can take in the Federal Government that would accelerate development of those production facilities or development of that production expertise? Are there ways in which we are blocking or preventing rapid growth?

Mr. KIEPPER. Yes, and I think the report on bus procurement that I mentioned that was given to Secretary Goldschmidt by the APTA executive committee speaks to many of those items. UMTA in effect has been writing the specifications for buses, and what's come out is a camel, which is a horse designed by a committee. We have tried to put too many things into the bus specs.

We've got the problem of windows. Let me give you a simple example. In the new advanced design buses you can't open the windows, and if the air-conditioning system for some reason goes on the fritz people literally cook in the buses. Houston got to the point last summer where they actually had to remove some of the windows in order for air to circulate because General Motors couldn't get its air-conditioning to work. Well, that was shortsighted and probably wouldn't have happened if the transit agency had been given flexibility, because we like to open windows during as many months of the year as possible.

It is another case in which I think there is sort of a big brother approach in trying to determine what's best for everybody, and I think that really the Federal role ought to be limited when it comes to writing detailed specifications for equipment, because it just doesn't work on a national basis.

The ADB bus is a good example of it. We are so disenchanted with the advanced design buses that we have gotten special permission from UMTA to buy in our next order of 50 buses, which is a small order, buses from Canada which are still being made to the old specifications so we can avoid some of these problems until they are worked out. We don't want to put up with them again. We hope that is a temporary expedient, and we look on it as such, but I want to give you an example of what we have had to do in order to assure reliable equipment.

Mr. GINGRICH. Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Kiepper, for your patience in answering these questions.

The record will remain open so you can respond to any further inquiries that the subcommittee may have.

Mr. KIEPPER. All right.

Mr. MINETA. I do appreciate very much your appearance here today. Thank you.

Mr. KIEPPER. We are delighted to have you in Atlanta. We feel we have accomplished a great deal as a result of the Federal partnership. I started my remarks by saying that the Congress has really provided the leadership in public transportaion, and I hope that continues. We thank you for your interest. We look forward to giving you a tour of the rail system.

Mr. MINETA. We look forward to the tour as well.

At this time, I would like to call on Mr. Walter J. Addison, executive director of the Metropolitan Transit Authority for Houston, Tex., to please come forward.

Mr. LEVITAS. Mr. Chairman, I regret I am going to have to leave at this point in the proceedings. I will rejoin the committee tomorrow morning.

I am particularly sorry I am not going to hear Mr. Addison's testimony. I will have somebody on my staff here because I am very interested and indeed concerned about the situation in Houston. I recently was in Houston, and while I do not claim to become an expert overnight, I see some extremely serious problems for the city of Houston in the very near future. I think it is going to make Los Angeles problems look like a Sunday school picnic both in terms of what I see in the sprawl and the reliance upon automobiles. People do not seem to walk in Houston. You drive your car, and there seems to be an inadequate public transportation system. I just want to make that statement because I am extremely interested in the national problems of public transportation, and I see that Houston has the potential for having some of the worst problems that will be faced in this country unless decisions and steps are taken in the very near term to do something about it.

I just wanted to make that observation before I leave.

Mr. MINETA. Mr. Addison, if you will proceed in your own fashion.

TESTIMONY OF WALTER J. ADDISON, EXECUTIVE DIRECTOR, METROPOLITAN TRANSIT AUTHORITY, HOUSTON, TEX.

Mr. ADDISON. Mr. Chairman, members of the committee, my name is Walter J. Addison, and I am the executive director of the Metropolitan Transit Authority, Houston, Tex.

It is an honor for me to appear before your subcommittee in order to present my views on the current situation regarding public transportation in the United States.

I would like to take this opportunity to congratulate you and your committee for going out of Washington to the heart of the United States to seek grassroots input into your monitoring of the Federal public transportation program. As your subcommittee recognizes, the issue of public transportation as the United States enters the decade of the eighties in the face of a worsening energy situation is most appropriate, and the timing could not be more critical.

It would be most unfortunate if this country found itself in a condition of a lack of mobility due to energy problems and no viable or available programs that could be used to respond to maintain our standards of living and our national economy.

From my point of view, the time is growing very short for those of us in the transit industry, in cooperation with local, State, and Federal Governments, to develop reasonable programs that can be implemented before the crisis hits us rather than as a reaction to a crisis, which is never as effective, or sometimes even satisfactory.

I would like to take this opportunity to give you some of my opinions of what I see as the current dilemma facing American public transportation as we enter into the decade of the eighties. It is my belief that if we more fully understand the problems we face the solutions will be self-evident. But, too frequently we find ourselves seeking solutions before we fully understand the problems and, consequently, not fulfilling the requirements that are laid upon us. I am sure you are all aware that the effects of inflation are pervasive and widespread and affect every facet of our lives in this country today. With regard to public transportation, the effects of inflation are resulting in astronomical increases in labor costs, fuel costs, parts costs, and capital program costs.

Essentially we have no control over this situation, and the only result is that we find it costs much more to continue doing exactly the same thing as we used to do.

If our costs rise and our income does not, it creates the situation of increasing deficits in transit programs around the country. Deficits and the consequent subsidies required to cover these deficits are not popular with the public or politicians and the deficit pressure is rising at a very rapid rate.

This deficit pressure creates problems of its own because I think it is well established that there is a tide of conservatism throughout the country that resists any increases in taxes and, perhaps, seeks to reduce taxes as much as possible. Since the bulk of subsidies to cover deficits come from tax sources this creates a serious problem.

A possible way of relieving some of this deficit pressure might be to seek fare increases from those who utilize transit services, but this also meets with significant resistance. This resistance can take two forms, one of which is purely economic.

The public complains that increasing the costs for use of transit is unfair since it probably imposes the burden of this increased cost on a sector of the population least able to bear increased costs. A good portion of the public who utilize public transportation are in the lower economic brackets—the elderly, the young, and the disadvantaged—and their abilities to pay higher costs for public transportation are severly constrained.

There is also significant political pressure to resist fare increases since most of the public transportation is publicly owned and consequently subject to political pressures. Whenever election time approaches or officeholders are having a difficult time, it is generally recognized as being very unfavorable politically to seek significant increases in transit fares. The pressure to resist fare increases is traditional.

We must add to the foregoing some additional factors which operate negatively in terms of the economic viability of public transportation.

In many cases there are what I would categorize as the additional costs added to public transportation for peripheral goals that essentially have nothing to do with providing transportation for the masses of the public. In this category are such items as reduced fares for senior citizens and handicapped people which, while an admirable goal in itself, should not necessarily be imposed as an economic burden on transit operations.

Another very expensive peripheral goal that has recently been introduced into public transportation are programs to provide full accessibility on all public transportation services for the nonambulatory handicapped. This category of costs is frequently referred to as section 504 costs because it is this section of the Rehabilitation Act that has been implemented by the Department of Transportation for all recipients of Federal aid. It may in many cases be the straw that breaks the camel's back.

While providing adequate transportation for those who are handicapped is an admirable goal, the methodology mandated is certainly not consistent with the immediate concern of increasing our capability in public transportation in the United States in the shadow of significant energy problems which will affect our entire economy.

And last, but not least, there is our ever present emission controls requirements to meet the Clean Air Act which add a substantial cost to the vehicles and reduce their efficiency. This, too, raises the cost of public transportation but does not in any way add any revenue to the picture. This also is an admirable goal in a general sense, but considering the few vehicles in this country that are in the public transportation business compared to the great mass of vehicles which are not, it would not seem to present any serious hazard to the health of our citizens if such emission controls were waived on public transit vehicles.

Another area of concern that contributes to the current dilemma for public transportation has to do with the uncertainness of federally sponsored capital programs. There is a need throughout the country to have a reasonable, logical replacement program for our bus fleet. I am sure your committee has access to the data on the number of buses extant in the country today, their average age and the number of vehicles that should be replaced on an annual basis.

Unfortunately, it is my understanding that there are insufficient funds currently programed to keep up with this level of replacement. I would then add to this problem the lack of sufficient funds to maintain our facilities or garages and storage facilities to service these buses.

Unless bus maintenance facilities can be kept up to modern standards of efficiency, we are going to find ourselves in a position of having inadequate facilities to maintain our fleet and, consequently, a deterioration of the fleet and its capability of providing public transportation to the citizens of our country. This would be completely inconsistent with a goal of increasing public transportation in the light of the potential energy crisis. Yet there are insufficient funds currently available for such programs.

Since the energy crisis of last summer, there has been a consistent growth in patronage of public transportation throughout the country. It does not take too much imagination to see that in the likely event of continuing energy shortages that the need and the demand for public transportation will increase. Concurrent with this need and demand would be an obvious requirement to increase the bus fleet available to carry the increased load of passengers.

I would like to call to your attention, however, that there are insufficient funds currently available in Federal programs to cover the purchase of fleet expansions, much less fleet rehabilitation and replacement. Anticipating, a need and being prepared to respond to that need are two different issues, and while we may be anticipating the need for increased public transportation, it is clear that at the present time our policies do not provide the means to respond.

While considering the subject of expansion of public transportation, I think it is also well to point out that there are clearly insufficient Federal funds for significant fixed guideway programs around this country. In many major urban areas, the best solution for the long haul may lie with some form of fixed guideway systems, and yet they are extremely discouraged by current Federal programs. While such capital programs are undoubtedly quite expensive, they are not any more expensive than many urban freeway programs which are merrily going on their way at the current time. Yet freeway programs are well funded by a stable trust fund, while urban mass transportation must go around hat-in-hand year after year seeking minimal support for any kind of a fixed guideway program for the larger urban areas.

Adding to this complicated situation are an extremely complicated set of guidelines and procedures which have a net effect of stop and go, on and off reactions on those urban areas which are prepared and planning to go ahead with some sort of fixed guideway systems. If our major metropolitan centers, which are really major factors in the economy of this country, are to maintain their stability and health, then their long-range programs must be considered and encouraged, not discouraged. Yet Federal programs serve only to provide the latter.

Superimposed on all of the factors previously enumerated are a whole compendium of conflicting Federal programs and procedures which serve only to make matters worse. I would like to list, for example, the fact that there are many cities in this county which are suffering from poor air quality conditions and are consequently under extremely heavy pressure from the Environmental Protection Agency to take drastic actions to improve air quality. One of the significant requirements in an air quality improvement program are transportation strategies to reduce the vehicle miles of travel and the emissions released into the atmosphere by the private automobiles. A heavy reliance is placed by EPA on improved public transportation, which is a ridiculous situation in view of the foregoing fact of insufficient funds and, hence, the lack of ability to mount such an improvement program.

We then add to this mixture the requirements for retrofitting vehicles with lifts or redesigning subways and elevated fixed guideway systems to provide elevators and facilities for the nonabulatory handicapped, which in many cases may cost more than the initial outlay for the system when it was built. Yet these contraints must be dealt with before any availability of Federal funds could be discussed.

Since EPA requires improved public transportation but does not fund it, and UMTA has insufficient funds for the current level of programing and is further requiring expenditures in nonproductive areas to improve transportation, it is hard to see how there is any consistent national policy regarding public transportation.

I would also like to add to this the fact that the Office of Management and Budget acts severely to limit the flow of Federal funds already appropriated in order to live within its arbitrary constraints in the administration of the Federal budget. On the other side of the coin, of course, is the Congressional Budget Office which must also maintain appropriations ceilings in order to live within the goals of congressional budget policy. We, therefore, look upon this matter as pressures not to spend money or pressures to spend money by those who do not have it available, while those that might have it available have insuffient to go around.

It would seem that the net result in terms of a rational public transportation program at this point in our Nation's history would lead to one conclusion, and that is chaos. In my opinion that essentially is what the situation is today in view of the lack of any sound national policy regarding public transportation or any will to create such a national policy.

This, gentlemen, is how I see the current situation in the Federal public transportation program. I believe the outlook is bleak as far as public transportation is concerned in the face of a worsening energy situation unless there is a more determined attitude, not only in Congress, but in the administration and at the local level as well to face up to this problem and take the necessary actions to build a base for the future.

I am grateful for the opportunity to appear before you and present my points of view, and I would welcome any questions the committee might have.

Thank you.

Mr. **Mineta**. Thank you very much, Mr. Addison, for your very frank and candid statement. This is the kind of testimony that helps us try to bring some rationality to national transportaion policy.

On December 9, 1979, the New York Times carried an article on energy-related problems that face American cities as we go into the 1980's, and special attention was given to Houston in that article. One individual mentioned in the story, who I believe was your precedessor in the Houston Transit System, was quoted as saying:

"If there is a national crisis from an energy standpoint, it is going to hit hardest here."

He also called Houston "the epitome of the inefficient city from a transportation standpoint."

I know you are relatively new in your position as the executive director of Houston's Metropolitan Transit Authority, but I'm wondering if you would agree with the statements made by Mr. Barry Goodman and, if so, why is the situation so serious in Houston?

Mr. ADDISON. Mr. Chairman, I generally would agree with Mr. Goodman's statements. I am told Houston is now the fifth largest city in the United States, and it has been growing at an astronomical rate for the last decade or decade and a half, and it has been doing so without any regard for such things as public transportation or land use controls or many other things which I think our older and more stable cities in this country have found quite important.

I don't necessarily agree with or sympathize with the thrust of the development in the Houston area. But the fact is it's there and it presents problems—and I have to say this from my position—at least Houston has begun to respond in understanding the nature of its current problem. And by the creation about a year and a half ago through a referendum of the metropolitan transit authority, providing a 1-cent sales tax similar to the Atlanta situation, Houston has put its money where its mouth is in expecting to see things done.

This provides a very interesting challenge for me and my people, but I now think we have the community interested. In fact I would guarantee there is a great deal of interest in the community in improving public transportation, albeit much too late, and a significant amount of funding availability to make things happen.

Unfortunately, I think if things are going to happen in Houston to turn the situation around, they are going to have to happen more or less in a vacuum as far as Federal involvement is concerned, because we can't stand around and wait for the Federal availability of funds which, as I have just got through saying, seem to be extremely scarce and limited.

For your information, in contrast to the statements that Mr. Kiepper made, in this current fiscal year income to the Metropolitan Transit Authority in Houston from the sales tax alone is conservatively estimated at $106 million, and it will be probably closer to $130 million. That does give us some clout in terms of getting things done that many cities in the United States do not have. Getting back to the article in the New York Times, the problems and the issues in Houston may be unique, but I also happen to feel at least somewhat confident that their ability to solve these things may also be unique.

Mr. MINETA. The metropolitan area being served by the transit authority is what in terms of population?

Mr. ADDISON. The current transit authority district encompases approximately 1,200 square miles; it is a tremendous territory, with well over 2 million population.

Mr. MINETA. And your primary vehicles are buses, you don't have any fixed rail systems?

Mr. Addison. There is an extensive railroad network, because Houston is also the third largest port in the United States, and a tremendous amount of freight is taken in and out of Houston by rail lines. But they are that, freight rail lines, not passenger rail lines.

And other than that I am confronted with a very decrepit and poorly maintained bus system that is most inadequate, and the pressure immediately is to get that bus system turned around to the point that it can at least respond to the demand of the people standing on street corners waiting to get picked up, and then move ahead into higher levels of transit service. I would envision the attitude as transmitted to me is very strongly for some fixed guideway system beginning in the Houston area on an incremental basis.

Mr. Mineta. How many buses do you operate?

Mr. Addison. We now own 491 buses. They are not, however, all operable.

Mr. Mineta. How many did you operate, let's say, 18 months ago?

Mr. Addison. Approximately the same number.

Mr. Mineta. The same number?

Mr. Addison. Yes. Now, what has been happening in the last 18 months has been a declining situation with our ancient and inadequate maintenance facilities and rather aged buses. We received 150 of the new advanced design buses in that period, and have subsequently received over 200 more advanced design buses of another manufacturer, which on a percentage basis is considerably more than 50 percent of the fleet size.

Because of their complexity, their higher level of maintenance requirements, their higher level of fragility, the load that they superimposed has broken the back of the system and it's really a tough situation that has to be straightened out.

Mr. Mineta. Would you say you are operating fewer buses on your system now than you were 18 months ago?

Mr. Addison. I think our ability to put buses on the street in any one given peak hour is worse now than it was 18 months ago.

Mr. Mineta. Is this a problem of the new RTS-2's that you have in Houston as compared to your older fleet, or——

Mr. Addison. There is no single problem; there is a whole compendium of problems. Part of the problem is the fact that over the years there was a system that was allowed to degrade, that was basically neglected. There were no funds spent on capital improvements, there were no funds spent or even consideration given to new maintenance facilities. Our maintenance shop is a building that was built as a trolley barn in 1907 and inadequately maintained since then.

Then you take on top of that the first generation of RTS-2's with the bugs still in them, drop them on a city that has a very hot, humid summer where air-conditioning on buses is mandatory, and where in other vehicles in the fleet if the air-conditioning fails you open the windows and complete the trip. With an RTS-2 or an "870" when that air-conditioning fails in the Houston summertime you have to cancel that trip right then and there and get the people out before they faint. That kind of service capability just didn't exist in Houston last year.

Mr. **Mineta**. You mentioned the 870 buses from Flexible as well as the RTS-2's. What would you say your air-conditioning system breakdown rate is?

Mr. **Addison**. The 870's have not yet experienced the full Houston summer. They began to be delivered in August of last year, and as they were coming in we developed a rather high failure rate in many categories going way beyond air-conditioning, at which point we told the factory to cease making any further deliveries and find out why fuel tanks were droppping out on the streets and some other interesting things were happening before they completed the assembly of any more.

There has been a very heavy retrofit program, field retrofit on roughly a hundred buses that were delivered, plus a major modification back in the plant on rebuilding and redesigning the entire assembly operation.

We have just begun receiving slightly over a hundred more, and so far they are working pretty well. But again this is January, this is not July and August, and I'm not prepared to be overly confident that they will work any better next summer than the GMC buses of a year or two before.

Mr. **Mineta**. What kind of problems have you been experiencing with the RTS-2's?

Mr. **Addison**. Basically engine and transmission problems due to an overheated compartment and lack of being able to dissipate the heat because the air-conditioning condensor is in the same compartment as the radiator which clogs up. The air-conditioning goes out and the engine overheats, and it burns up also.

We have replaced many, many engines and transmissions because of that heat catcher situation.

We are actively working with General Motors and going back and coming up with changes in the field to try to rectify this situation.

San Antonio, a neighboring city, has buses of the same type. We have both developed a modification to relocate the air-conditioning condenser completely away from the engine compartment. San Antonio has rigged up putting it on the roof in the back, and we have rigged one up putting it under the floor up near the front of the vehicle in an empty space. Both seem to work quite well. They have improved the ambient temperatures in the engine compartment significantly. But neither of them has worked for a full summer.

Mr. **Mineta**. How about your experience with mileage, with fuel consumption?

Mr. **Addison**. I have had experience with that in Houston, and previously in Baltimore, which is where I left to go to Houston. I concur and confirm Mr. Kiepper's comments that we are experiencing somewhere between 1 mile and 1½ mile less per gallon on RTS-2's than we were on the predecessor model, and this is in a period when energy conservation has become so primary. It's absurd that the latest design should go backward.

Mr. **Mineta**. Where does UMTA fit into all the problems you have been having?

Mr. ADDISON. I'm not here to chastise UMTA. I believe UMTA under the circumstances has been doing the best job it could.

We find that the people of UMTA have tended to be quite reasonable and cooperative. The issue with the advanced design buses, for example, many choose to lay the problem at UMTA's doorstep. I do not agree.

When the only two manufacturers of buses in the United States announce that this is the only type of bus they will manufacture henceforth, then I think UMTA's choices were the same as the rest of us, you develop a spec around which you can buy, and that's it, and that's exactly what was done. It was done without adequate field testing on the part of the manufacturer, without adequate quality control and I can't fault the agency for that kind of problem. They were presented with a fait accompli and very few alternatives.

Mr. MINETA. What about some of the specifications coming out of UMTA? Might they have been too stringent for the manufacturers to try to design?

Mr. ADDISON. I'm sorry, I can't concur that the specifications are too stringent. Unfortunately, because the two manufacturers decided to no longer manufacture the prior line of vehicles which were competitive with each other under the same specifications, and came out with their own versions of an advanced design bus, and these two buses were so dissimilar in many respects there was no one specification that could be used to fit both without being exclusionary, UMTA came up with this "white book" and a situation that acknowledges the differences between them. It's really not a specification. The responsibility for the problems is not UMTA's, the responsibility is General Motors' and Flexible's who forced the situation. UMTA's response probably could have been better, but I don't criticize them for the problem, they didn't create it.

Mr. MINETA. MTA has a booklet on car sharing called CarShare, and I am wondering, do you find it inconsistent to try to build up ridership on your buses and at the same time be advocating carpooling and other forms of ridesharing?

Mr. ADDISON. Not a bit. We are very actively cooperating in developing ridesharing and car sharing and vanpooling. I think that program in Houston is probably one of the leading programs in the United States. We have a very capable car-share program with instantaneous response being able to match people within 5 minutes for carpools, which I think is an excellent situation. I think there are better than 500 vanpools in the Houston area, which may be one of the largest concentrations in the country. Our business is providing good transportation to the community and not to be confined to any specific technique. Since our current bus operation is unreliable and less than satisfactory, we believe that car sharing and vanpooling will be an immediate interim bridge to take people out of cars, out of single-occupant cars to save energy and to improve traffic conditions in the area.

Because of the development pattern in Houston, which is generally quite spread out, there are many origins and destinations which are never going to be suitable for any heavy public transportation or bus-type system. Consequently, we highly recommend developing carpooling and vanpooling and so forth in those areas.

Mr. **Mineta**. I assume you have an extensive freeway system so that it lends itself to vanpooling as well as, let's say, express lanes for the buses.

Mr. **Addison**. There is one freeway on which a contraflow lane has been established for buses and vanpools. The freeway system is quite extensive, as you commented.

I think Houston in its immediate past embraced freeways as the ultimate answer to its transportation needs of the future at the neglect of an arterial system and at the neglect of a fairly reasonable public transportation system. What has occurred is that the freeways have become overloaded and are not dependable, and there are no backup systems.

To the extent that carpools and vanpools and things like that can take some of the pressure off for the time being it is also to be recommended. It's only going to be a short period before that pressure builds back up again.

I see traffic flow in the Houston area in certain well-defined corridors, which from my many years in the public transportation field indicate to me without any question that a fixed guideway system would be most appropriate for implementation in those areas.

Mr. **Mineta**. Can you do that in an area that has low density in terms of housing units, that is spread out as much as Houston is?

My brother did his residency work in Houston and is familiar with the medical center area. You've got a lot of people who move in and out, but yet the housing density pattern is pretty——

Mr. **Addison**. Housing density patterns are ragged; they are not uniform. You will have areas with some relatively high density apartments, group houses, types of townhouse development, then not very far away you will have pastures with cows, followed by intensive single-family subdivisions and shopping centers, and then skyscraper office towers going up.

I think this is very much attributable to the lack of zoning, which does not exist in Houston. But the Texas Medical Center that you made reference to has an employee population of 40,000 people. That in itself is almost a small downtown, and it's such a high concentration activity center that I believe that a fixed rail system or fixed guideway system could well serve it even though the housing distribution may be somewhat erratic. You certainly have corridors of traffic that are well defined in Houston, and you have high activity centers.

I think that the dispersed population situation can be synthesized into an effective system by parking lots and by good feeder buses to aggregate the people at stations.

Mr. **Mineta**. Thank you. Mr. Gingrich?

Mr. **Gingrich**. Thank you, Mr. Chairman.

I was very struck with your concerns about the buses and the fact that I guess you have been given the honor of pioneering for the country in some of these areas. I would like to read you a quote out of the National Journal of December 22 by Secretary Goldschmidt because it seems to not quite fit with what I have heard from both Mr. Kiepper and you, Mr. Addison.

They asked the question, "How are you going to meet the increasing demand for buses with only two bus producers left in business?" This is his answer: "We are going to encourage them to produce the best way that we know how, which is to ask for the authority to allow us to make orders directly. Now, the communities can dicker with the bus companies for their own specifications and fool around with the buses. It takes 2 years to get a bus and it's craziness. We want to simplify the bus * * * and stop the fooling around."

How does that hit you based on your experience in the field?

Mr. ADDISON. Actually I would agree very much with most of that statement by Secretary Goldschmidt. I don't see any reason the seats in one city have to be remarkably different than the seats in another city; people's physical structure is pretty much the same, and they all about fit the same seats and the doors and everything of that sort.

I think that what is necessary is that because of the fragmented approach to purchasing, with cities coming up with their own requirements in sporadic spurts of purchases followed by gaps with nobody coming in, manufacturers cannot gear up, cannot standardize and cannot maintain a high level of production. It's on-again, off-again, come and go.

I believe the Federal Government could get in between all these small purchasers and in effect guarantee to the manufacturers a sufficient quantity so that they could operate two full shifts 7 days a week and reach a high capacity, with fewer frills and fewer options, and I think everybody would be better off.

Mr. GINGRICH. Do you want to see the Federal Government in effect be the first line of purchasing?

Mr. ADDISON. I think whether it's the first line of purchasing or the guarantor of purchasing between the ultimate consumer and the manufacturer, I think it would work, and I think it would guarantee us a better product, and I think it would cut down the 2 years that it takes to get the product.

The companies have assured me that if they had some assured production backlog that they would go to a heavy two-shift operation and instead of waiting 52 weeks for buses we might be able to get them in a considerably less period.

Mr. GINGRICH. Thank you.

Given Houston's current public transit situation, what would you expect would happen in the city in a real crisis if we got into, say, a shortfall in gasoline of 20 or 30 percent?

Mr. ADDISON. There were some harbingers of that in this last June and a couple of years ago. In spite of its being the seat of most of the major oil companies, when the shortage hit, it hit Houston as well and there were long gas lines. People came very readily to car-share and vanpool things and, as a consequence, they have really ballooned and are still quite popular in areas.

I do not see, of course, if this were to occur in a relatively short period of time that we could do much with our bus system given its current condition to respond. Our best response would be in pulling out the stops in car-share and vanpooling. I think we could do a lot to help that problem in Houston.

Mr. GINGRICH. In listening to some of the stories about the buses, the new advanced design buses, I'm reminded of the complaint that we in this country sometimes tend to buy very complex weapons systems and we're sort of pricing ourselves out of the war business.

Would we really be better off with the older styles, I guess what we might now call the obsolete design bus, or are we just going through teething pains in developing a more sophisticated system?

Mr. ADDISON. Well, when the older buses, which are still euphamistically called the new look buses, were first introduced in 1959 or 1960 as the new series that replaced the old type buses that preceded them, and which we now look upon as the ultimate in reliability and dependability and all of these marvelous features, they had a great propensity for breaking in half and having all kinds of weird problems in their first year or two. So that I would have to say this, that any new product will take a little period of product development and debugging before we can be convinced it's an acceptable product.

I unforunately don't like to be the one who has to learn about all the problems that the manufacturer should have ironed out before they released them. That's really what I'm griping about.

I expect that any new model will give us difficulties. You know, the automobile industry has been traditionally turning out somewhere close to 10 million cars every year, and every year they come up with a new model, and every year they have to recall thousands upon thousands of these cars, and they haven't learned. If they can't learn how to make cars dependably in tens of millions, how do you expect the bus industry which only makes 2,000 or 3,000 a year, to do all that kind of research? It doesn't make sense.

Mr. GINGRICH. Well, to come back to the advanced design bus. In your judgment, when it gets all of the wrinkles worked out, is it likely to be a sufficiently large advance over the new-look bus that it was worth the effort?

Mr. ADDISON. Oh, no, not a bit. What it offers—if you were to list the major differences and then try to give them some kind of quantitative review, do you need them or don't you, the answer is most of the changes were not necessary. They don't give us more bodies per bus, per bus driver than the prior models, they give us less. They have less standing room, they have less seats.

Mr. GINGRICH. If you were Secretary Goldschmidt and he decided to become the first line purchaser for 6,000, 3,000 or 9,000 buses a year, would you advise him to order the advanced design bus or the new-look bus?

Mr. ADDISON. If there were new-look buses being manufactured, I would advise him to order the new-look buses, but as it stands they're not manufactured, there's no assembly line in this country that's manufacturing them.

Canadian GM will manufacture them, but they will never be able to make them in the quantity sufficient to handle the entire demand for buses in the United States.

And I'm not convinced that if the designers went back to the drawing boards they couldn't do the RTS-2 or 870 over somewhat, retain some of their good features, and give us back some of the more dependable and reliable features of the new-look bus.

Mr. GINGRICH. You were frankly more supportive of them. I'm open to—in terms of the idea of us being first purchaser—I'm open to us being the guarantor. But if we're going to start talking of guaranteeing 3,000, 4,000, 5,000 buses a year, we ought to guarantee the best buses we can buy on a cost-benefit ratio, not what happens to be available.

Mr. **Addison**. If I had confidence that I could entrust the Federal Government to develop specifications that would be better than what we are now buying, then I would tend to agree with you. But given the nature of our past history in this regard, I guess I am willing to let the transit industry, through people like myself and Alan Kiepper and all the rest of us, and the manufacturers, do a little bit more arm wrestling with what we have been getting to the point where it's an acceptable product and let's go with that.

Mr. **Gingrich**. I may have read the article too rapidly. It does say specifically he wants to ask for the authority to allow us to make orders directly, and it goes on to say "Now the communities dicker with the bus companies for their own specifications." I think in that context he's saying in effect that they ought to buy direct, they ought to set the specs—

Mr. **Addison**. My point, Mr. Congressmen, was that I do not recommend the Federal Government buy as the first line of purchasing. The Federal Government's role would be the guarantor, and again I refer you to the APTA executive committee statement, which I fully support, and I think it's essentially the same situation.

Mr. **Gingrich**. Aside from bus fleet expansion or construction, what strategies in your opinion hold the most promise for providing transportation?

Mr. **Addison**. If you exclude buses, bus systems, and rail systems?

Mr. **Gingrich**. Yes.

Mr. **Addison**. Well, then you have taken out all the carrots and all you've got left is sticks, and I don't see that as keeping this country going at the satisfactory pace.

Mr. **Gingrich**. I was saying in addition to those, not just excluding them.

My impression is that even with the most optimistic projections through the mid-eighties we are not going to be providing enough public transportation in this country through buses and rail.

Mr. **Addison**. We may not. I think the situation has to be looked at from a broader perspective for this reason: If all of the mobility that we have been accustomed to is continued at its current rate, yes, we will not be able to absorb a major percentage of that with public transportation. But I'm not convinced that we need to use transportation at the rate we have been accustomed to in this country. We have been accustomed to cheap and available energy, and we're not seeing a future with cheap and available energy, so we have to change a lot of things, we have to reduce many frivolous and wasteful practices. If we do that, then I think public transportation can function as a very significant part of what's left.

Mr. **Gingrich**. Are you saying in projecting to say 1985 we should be projecting fewer trips per year per citizen?

Mr. **Addison**. That's right, for everybody. That's correct.

For example, you can drive along some of the interstate highways and you will see tractor trailer after tractor trailer loaded with kitchen cabinets and dining room furniture and other nonperishables. There is no reason that those things have to be put on a truck and pulled down a highway between a manufacturing city in one part of the country and a consuming city in another part of the country when they could be put on flatcars or railroad cars and transported in a much more energy efficient manner.

Now, I'm just pointing that out as one example. We've got to reexamine the whole transportation infrastructure of this country looking toward a future of reduced and expensive fuel. If we do that, then I don't feel so negative about the role of public transportation because we're going to shrink a lot of trips that don't have to be made.

Mr. GINGRICH. You suggest you're going to shrink that by shrinking the total pie, that is by people not making trips rather than by increasing the efficiency of particular things, as I understand it, vanpooling and carpooling and that sort of thing.

Mr. ADDISON. I think those things go hand in glove. By so doing, by shrinking the pie you are at the same time increasing utilization of vanpooling, car sharing, buses, fixed guideway systems. That element will be a much higher percentage than people are giving it credit for today.

Mr. GINGRICH. What has been your experience with the transportation systems management program?

Mr. ADDISON. It served as a very fine tool without getting any capital expenditure funding.

Mr. GINGRICH. Have you done anything because of the TSM that you would not have done otherwise?

Mr. ADDISON. Wasted time.

Mr. GINGRICH. You were reasonably direct on that.

I appreciate your being here as both an obviously very experienced specialist in the field and also a very candid one. What do you see as the optimum strategy for meeting the transportation needs of the handicapped?

Mr. ADDISON. I believe a reasonably developed demand responsive system will provide for the nonambulatory category a transportation mobility they have not been able to have in the past. I absolutely do not concur with full accessibility as a solution to their needs. I believe that is wasteful, and I believe it does not really consider the nature of the problem.

I fully believe that we don't spend enough time analyzing problems, we're too anxious to throw solutions at them. For many years I've been looking at transit vehicles that are loaded from wall to wall with standing people. There is no way in the world you're going to allow somebody who is disabled in any way to reasonably be handled in that kind of a vehicle, yet that's the name of the game in mass transit. So to require retrofitting and to require technology to be added on costing more money, and costing money to maintain, to subject people to that kind of a situation is inhumane because it serves no needs whatsoever.

Mr. GINGRICH. One last question, and this is a terribly broad one in light of your comment that often we rush too quickly from analysis to policy, but you say:

> In my opinion, that essentially is what the situation is today in view of the lack of any sound national policy regarding public transportation * * *.

In a positive sort of way, if you could list four or five major decisive things, what things would you do if you were the Carter administration? How would you approach this just very briefly?

Mr. ADDISON. No. 1, it's difficult to be brief about it, sir. And No. 2, I guess the only jobs in this country that I think are less sensible than mine are jobs like the President and the Secretary of Transportation and maybe Congressmen as well, and I guess my point is this: When you are presented with the challenge to be cost effective, which sounds like a very good idea, and then are made to perform under rules and regulations which guarantee your inability to be cost effective, then the only conclusion I can come up with is there are too many little cubbyholes or pockets of Federal bureaucracy each of which is doing their own thing and nobody is talking to each other. If I were the President or the Secretary if I didn't come up with a new idea I would just make everybody who's promulgating these things start talking to each other and find out whether or not they're at the same purpose or cross-purposes, because frequently, more frequently than not, these things come out being at cross-purposes with something else. As the recipient at the end of that pipeline it doesn't come out with any rationality which you can follow or adhere to and be comfortable that you're doing things that really need to be done.

Mr. GINGRICH. Thank you very much.

Mr. MINETA. Thank you. Mr. Young?

Mr. YOUNG. Mr. Addison, I have only been in Congress 3 years, so I can understand some of your frustration. I represent the area around St. Louis, and it seems to me our problems are somewhat similar to what you might have in Houston, particularly with your bus failures, apparently from engines burning up.

You're trying to fix your existing buses, I assume.

Mr. ADDISON. We are trying. We are not doing it as well as I would like, but we are trying, sir.

Mr. YOUNG. But you do have the money, the $106 million a year from the sales tax?

Mr. ADDISON. Yes.

Mr. YOUNG. That's a sufficient amount of money to kind of repair what you've got, your old system?

Mr. ADDISON. That's correct.

Mr. YOUNG. This year have you received any UMTA money for garages or facilities like that?

Mr. ADDISON. We have some section 5 money for garage modernization and acquisition. I would point out that Houston has elected not to use section 5 money for operating costs, operating deficits. I would also point out that——

Mr. MINETA. You're using it for what, capital?

Mr. ADDISON. For bus garages and for maintenance and physical plant facilities.

I would also point out that this year Houston went out and bought 55 buses built by the Eagle Company of Brownsville, Tex., which are like a Trailways type bus, without Federal money whatsoever.

Mr. YOUNG. Did the Eagle fit your needs better?

Mr. ADDISON. They will fit the needs for the type of long-haul express service because the area is so spread out. We have these park and ride lots that are 15 or 18 miles away from downtown, and that is a very good vehicle for utilizing freeways.

We went out and bought them without Federal partiicpation and began to get delivery within 2 months, and had a compete order within 5 months. We'll never get anything with Federal money that way.

Mr. YOUNG. On the Eagle bus issue: Do you think with the problems we're having—and I think Missouri is second in truck building in the whole country—do you think we can turn that industry around through utilization in the national transportation system of the trucks and vans that are apparently fairly efficient but can't compete or haven't been able to compete with foreign imports?

Mr. ADDISON. I think this gets back to our prior discussion of perhaps the role of the Federal Government being a guarantor for some fleet acquisition on a national basis. If we could get to a stable market—and I'm not sure whether the foreign competition issue is really serious enough to be concerned about—we might see some more people entering the business and producing vehicles. However, the path of public transportation is littered with the bones of companies that tried to break in and produce buses, lines of buses in the past which for various and sundry reasons could not make it. I would certainly just issue a word of caution that this is not a field to be taken lightly in trying to enter it.

The average urban transit bus puts on somewhere around 60,000 to 70,000 miles a year under the worst operating conditions you could imagine, stop and go in heavy traffic, opening the doors and exchanging the contents every block or so—and particularly in the summertime with air-conditioning that problem is astronomical—and it is expected to last 12 or 15 years.

A truck—they look big and heavy—does not have the type of dependability and wearability to live up to that kind of environment; they wouldn't make it.

Mr. YOUNG. About your fixed guideway programs. Have you had any consideration of a light rail system in the Houston area utilizing rail facilities that are available and maybe not being used because of the shift in population or other reasons? Have you taken a look at that?

Mr. ADDISON. Yes; we are very heavily involved in the alternatives analysis process right now, extremely heavy attention is being given to utilizing existing railroad rights-of-way, although probably not the current rails.

Many of the railroad rights-of-way in the Houston area are rather well located in terms of both the origin and destinations of our travel patterns. Fortunately, many of these rights-of-way are 100-foot rights-of-way with a single track running down the middle or somewhere on it. And whereas the railroads will not talk to you if you want to talk about sharing the use of the rails, they are quite willing to talk to you if you're willing to talk about purchasing some of the rights-of-way, and that's exactly what I'm working on right now.

Mr. YOUNG. Thank you very much.

Mr. MINETA. That's interesting, considering the fact that, as I recall, Houston was one of those cities in intense competition with

20 or 30 other cities to get a downtown people mover grant, and yet it has not taken advantage of that award.

Mr. **Addison**. That's right.

Mr. **Mineta**. Why is that?

Mr. **Addison**. First, of all, of course, I wasn't there and I wasn't a participant. But even though I was at that point 1,200 miles away, when I heard Houston decided not to go for the downtown people mover I felt very comfortable that they had some wisdom anyway in their operation.

First of all, the problem in Houston is not getting around downtown. Traffic moves beautifully in the downtown area. The problem is getting to downtown.

So just going back—I keep repeating myself, but this is another indication of producing the solution when you haven't found the problem—the needs weren't a downtown people mover. The needs in Houston are to get people to downtown and from downtown. Once downtown, moving around downtown is not a serious problem whatsoever. The downtown people mover would have spent $25 or $30 million of Federal money building something you didn't need in the first place to solve a problem that wasn't there, and I think that the final decision to scrap the idea was a wise one. It might have seemed like a good idea earlier on, but after more intensive analysis it didn't solve any problem and would have required money to be spent to operate forever after.

Mr. **Mineta**. In going through your testimony, you talk about the effects of inflation and deficits of popular resistance to increasing taxes, resistance to fare increases, it's really not a very optimistic picture.

From your perspective, and again following up on Mr. Gingrich's question, what do you think ought to be the first thing we ought to try and tackle?

Mr. **Addison**. I'm sorry, I didn't hear the last part of your question.

Mr. **Mineta**. What's the first thing you think we ought to be tackling, given all these kinds of problems you have talked about, inflation, taxes, higher fares and subsidies not being popular?

Mr. **Addison**. Well, nobody is going to be popular if they do anything, so I don't worry about that. But the issue essentially as I see it is that if there is an intention, a well-meaning intention to foster good public transportation, then I guess things similar to what is being discussed as far as the energy windfall tax is concerned and the funding of public transportation—and perhaps I disagree with Mr. Kiepper that a trust fund is not the right answer—are appropriate. I think the area needs stability; it needs stability in terms of policy, it needs stability in terms of funding, and with neither stability in policy nor stability in funding we have no policy at all.

I guess policy is something that may or may not be up for discussion, depending upon whether it's an election year or not, but at least the funding part of it can have some stability, and at least that may generate some policy.

Mr. **Mineta**. Would you say that Houston or the metropolitan transit authority in Houston is now starting to get a handle on trying to address the transportation problems in the Houston area?

Mr. **Addison**. I definitely would think so. No question about that.

The authority came into being in January, 1 year ago, so it's only 1 year old. If there was ever a tough year this had to have been it, but I do definitely feel that both the general populace and the authority are getting their act together and they're going to move ahead in this decade and create significant improvements as far as public transportation is concerned in Houston. I think it may be worthy of looking at from a national point of view.

Mr. **Mineta**. The Houston Chronicle on practically a daily basis, I guess, publishes a sort of box score as to how MTA is doing on it's bus service. Does that tend to reduce the confidence of the populace in the MTA service, or does this bring more public recognition to the fact that something has to be done?

Mr. **Addison**. By the way, it's no longer being published. We had a meeting with the editorial board——

Mr. **Mineta**. Congratulations.

Mr. **Addison**. It's no longer being published, and I think that its only function was to continue to poke fun at the authority and point out weaknesses which degraded its public image and, therefore, the feeling of the public about public transportation.

And it's interesting, although I don't think the numbers that went into that box on a daily basis have changed significantly in the past 2 or 3 weeks, the public's impression is that the service is better. People are now saying, "You know, things are really better." The only thing I'm sure that's different is that they don't see that box score in the paper every day.

Mr. **Mineta**. Your fare structure is what?

Mr. **Addison**. 40 cents in the base fare.

Mr. **Mineta**. What percent of your costs would you say you are getting back through the fare box?

Mr. **Addison**. We are getting somewhere between 32 and 34 percent out of the fare box.

Mr. Gingrich?

Mr. **Gingrich**. One last comment. I think both Mr. Kiepper and Mr. Addison have been very, very impressive today. As a freshman, I have a tremendous amount to learn on this committee, and this hearing has been very, very useful. I'm grateful for your time, but equally for the candor with which you have shared your answers, and I just want to thank you.

Mr. **Addison**. Thank you. It's been a very challenging opportunity to come and talk to you, and if I didn't intend to be candid I wouldn't have come. I don't think you need to hear things that are not candid.

Mr. **Gingrich**. Thank you, Mr. Chairman.

Mr. **Young**. Nothing, thank you, Mr. Chairman.

Mr. **Mineta**. Again, Mr. Addison, thank you very much for your candor.

Maybe through experiences of adversity—and no one likes to go through adversity—there is a benefit that accures to you individually as executive director. To those of us who have to have an overview about what is happening in the policy or what you call the lack of policy nationally, I think your testimony today has been very, very enlightening.

We do appreciate your taking the time to be here, Mr. Addison. Thank you very much.

Mr. **Addison**. Thank you much.

Mr. **Mineta**. At this time, then, the hearing will stand in recess until 9:30 tomorrow morning in this same room.

[Whereupon, at 4:25 p.m., the subcommittee was recessed.]

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MOBILITY FOR AMERICANS IN AN ERA OF INCREASING ENERGY, ENVIRONMENTAL, AND FINANCIAL CONSTRAINTS

TUESDAY, JANUARY 8, 1980

House of Representatives,
Subcommittee on Oversight and Review,
Committee on Public Works and Transportation,
Atlanta, Ga.

The subcommittee met, pursuant to adjournment, at 9:58 a.m., in court chambers, 23d floor, Richard B. Russell Federal Building, 75 Spring Street SW., Atlanta, Ga., Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Members present: Messrs. Gingrich, Levitas, Stangeland, and Young.

Staff present: Charles A. Krouse, majority; Dan Harrant, minority.

Mr. Mineta. The Subcommittee on Oversight and Review of the House Committee on Public Works and Transportation will please come to order.

Continuing our hearings on transportation, today we are pleased to have Mr. Thomas D. Moreland, commissioner of the Georgia Department of Transportation, accompanied by Mr. James L. Stanley, chief of the bureau of public transportation. We are pleased to have you here, Mr. Moreland. The full text of your prepared statement will appear in the record at this point.

[Statement referred to follows:]

Statement of Commissioner Thomas D. Moreland, Georgia Department of Transportation

Mr. Chairman, members of the Committee, I am Thomas D. Moreland, Commissioner of the Georgia Department of Transportation.

It is a pleasure to be here to discuss measures taken by the Georgia Department of Transportation to address the mobility requirements of our citizens in this time of energy constraints. The form and usage of our transportation systems have become crucial public issues.

Historically, transportation has been a primary component of a community's infrastructure. In ancient times, man created his community in proximity to waterways. Great cities were those with ports. Later, railroads opended the entire country without sacrificing accessibility. Finally, the modern day roads and streets provide unparalleled freedom of movement. But this freedom is largely provided by vehicles powered by fossil fuels—fuels which are now in limited supply.

Our overriding objective is to provide that degree of mobility required for public economic and social functions using the most energy efficient means possible. But we agree with observers who believe that the automobile will remain the dominant mode of transportation for the vast majority.

It is in this context that we are seeking to preserve our state's, and our nation's, highway system and to promote its more efficient use. Indeed, a small auto occupancy increase will conserve massive quantities of fuel while providing continuing mobility.

Similarly, we can preserve our highway system and contain some of the explosion in construction and maintenance costs by promoting use of our rail resources. I am disturbed and dismayed by the continuing diversions to the highway system of commodities more suitable to rail transportation. A cornerstone of our transportation plan in Georgia is better utilization of the energy efficient rail system.

Let me turn now to our Metro Atlanta program the thrust of which is to increase occupancy of vehicles whether they be buses, automobiles or passenger vans. A ridesharing computer matching program has been developed that not only matches potential carpoolers and vanpoolers, but also gives information concerning bus routes, rapid rail service, and park and ride facilities. Finally, a marketing effort is being implemented to inform potential users of the benefits and location of the various elements of the system.

Largely within Atlanta's circumferential Interstate highway, the Metropolitan Atlanta Rapid Transit Authority (MARTA) has established an extensive public bus system which is currently being augmented by rapid rail. However, during the last decade the area outside the circumferential route experienced the greatest growth. With MARTA not serving this area and private bus companies not willing to enter into commuter bus service on a significant scale, our Department is examining other energy efficient means of moving people. We found these actions would meet our objectives:

1. The use of park and ride lots to concentrate potential transit riders in outlying areas.
2. Ridesharing activities to form carpools and vanpools at park and ride lots or in neighborhoods.
3. High Occupancy Vehicle Lanes constructed on the radial interstate highways to make transit, carpools and vanpools more attractive to the public.
4. An organized system of vanpools in cooperation with employers and third party van operators.
5. A marketing program to inform the public of the location and advantage of using one or more of the above options.

The Georgia Department of Transportation has assumed the role of lead agency in this program and has actively solicited the ideas, recommendations and support of local government bodies (MARTA), the regional planning commission, and the business community.

The Department's policy for a transfer facility requires the active participation of local government, provides for routine maintenance and utility costs and requires insurrance that transit service to the facility will be provided where required. We now have 21 dedicated park and ride facilities in the planning or construction phases.

In the relatively low density residential areas outside the circumferential highway, the private automobile will function as a collector with park and ride facilities being used to concentrate and transfer patrons to higher occupancy travel modes. A report recently issued by the Congressional Budget Office concludes that carpooling and vanpooling have the greatest potential for net energy conservation of any form of transportation.

Following the collection at park and ride lots, High Occupancy Vechicle Lanes on the radial interstate system will provide a line haul function. Our first HOV, now under construction, has been designed for buses, van and carpools, with provision for police enforcement.

As envisioned, the High Occupancy Vechicles would then be channeled into terminal facilities on the fringe of the CBD. Patrons would transfer to a circulation and distribution system which would speed them to major downtown destinations. In addition to serving the morning and evening peak periods, the Distribution and Circulation System would accommodate the midday acitivites and expand the economic development potential of the CBD. Thus, the Department, within the framework of the local planning process, is studying the feasibility of a fixed guideway people mover system to complement the downtown MARTA rail and bus system.

Roadside signs, the media and employer ridesharing programs inform the user of lot locations, but the best marketing program is patron convenience and satisfaction. A key element is actively involving major employers in the operation of carpools and vanpools. We routinely provide employers with technical assistance, materials, brochures and our computor matchup services without charge.

We project the metro Atlantic highway network now carrying 49 million person-miles of travel to carry 88 million person-miles to the CBD by the year 2000. This projection assumes a 101 mile rail system carrying 12 million person-miles. It is for this reason we are giving a very high priority to a comprehensive program of improvements to add capacity and efficiency of our metro freeway system.

As I have indicated, we are planning to cope with this staggering volume of trips into the Central Business District throught the paratransit alternatives of carpooling and vanpooling. The systems approach has as its basic premise the need to facilitate, encourage and indeed achieve a significant increase in our auto occupancy factor. I am encouraged that within the past year we have seen this factor rise from about 1.17 to about 1.30.

The actions I have outlined represent the major strategy we are employing in the Atlanta metro area. We are not satisfied. We must and will continue to emphasize increased occupancy to provide for the mobility needs of our citizens.

While much of the focus on energy conservation has been upon the larger urban areas, we in Georgia are well aware that rural and small urban areas require and demand consideration. This segment of our citizenry resides in low density population areas and travels greater distances to work, shop, attend church, and educate their children. And in this area the entire economy is dependent upon transportation systems accustomed to the delivery of goods, services, and people cheaply and without a great deal of prior planning. The problems of rural mobility, in my judgment, present an even greater challenge than urban areas.

The problems are many. Geographically, population densities are low and people are widely dispersed. Economically, our rural populations are least able to afford the increasing cost of private automobile travel. Intercity bus service is dwindling. Frequent abandonment of light density rail lines forces increasing freight movements on our overburdened highway system while construction and maintenance costs are going through the roof. Deregulation of air carriers is seriously jeopardizing the availability of air service to smaller cities.

As our population ages, we find that fewer travel options for the elderly are resulting in their inevitable isolation. While this is taking place, paradoxically transit assistance for larger cities is many times greater per capita than for our rural areas.

It is in this environment that the Georgia Department of Transportation is seeking to address the energy induced mobility problems unique to our rural areas. Federal resources available to us have been meager. The 16(b)(2) elderly and handicapped program has provided us with about $600,000 per year for van purchases. The restriction of funding eligibility to private non-profit agencies has made the program difficult to administer from both a legal and operational point of view. The discretion given locally autonomus social service organizations has effectively precluded any significant coordination of transportation services.

The Section 18 program authorized by the Surface Transportation Assistance Act has been a disappointment. This is largely due to inadequate funding levels and the misapplication of 13(c) Labor Protection Provisions without any reasonable justification that labor may somehow be unfairly impacted. Additionally, the use of Section 3 funds for grants administered by the FHWA according to UMTA rules has created unnecessary complications.

We are apparently faced with the application of HEW's 504 requirements to rural public transportation systems. It makes little sense to arbitrarily require the installation of expensive and trouble prone lift devices on vans and small buses without defining needs when they reduce passenger carrying capacity by 50 percent or more.

Generally, the largely grant oriented federal agencies lack real world "hands on" experience in implementing rural transportation programs. It is my judgment that the Federal Administrative Agencies would be well advised to administer their programs in concert with the State and local governmental structure. In transportation matters these governments have invaluable experience which greatly increases program effectiveness and without using this knowledge and experience often results are questionable.

We find private non-profit agencies are engaged in major client transportation programs which are funded in large measure by federal sources and administered without significant State or local government involvement. Such programs which typically bypass the traditional governmental structure lack broad-based community support and are marginally effective in providing for genuine rural transportation needs.

In responding to the needs of its rural citizens, the Georgia Department of Transportation has assigned transportation roles to its seven district offices. The intent is to provide for better understanding of specific transportation needs and to achieve better coordination of programs at the local level. Through this process we seek to ameliorate much of the bureaucratic red tape which seems to accompany and hobble new Federal initiatives.

However, to develop and implement transportation programs needed to assure the well being of our small urban and rural areas, it is essential, in my judgement, the Federal Government work in partnership with the individual states.

I have noted with pleasure the administration's intent to translate general concerns for these areas into specific goals, principles, programs, and mechanisms for implementation. Yet, I have concern that in practice these programs lack the comprehensive and systematic applications needed for continuing rural and small urban area mobility and vitality. If transportation needs are to be satisfied much more must be done other than the assignment of 1,500 CETA slots, donations of federal surplus vans, setting aside loans and urging of the insurance industry to make available lower rates for vans.

The administration estimates that HEW agencies alone fund in excess of $500,000,000 for the transportation component of various social service programs. Some place the amount as high as one billion dollars. However, the truth is no one knows. The question we would all like answered is "what is it buying?" In Georgia we determined through a careful survey that within one sparsely populated area over 87 publicly funded vehicles are used in various programs. Despite an intensive effort by my Department and State Social Service agencies, we have been unable to effectively consolidate or coordinate even this transportation.

I suggest that we rationalize rural public transportation and provide for the needs of all, including those who lack transportation but spurn what they perceive to be public assistance. It may be advantageous to simply provide entitlement funding to the state transportation agency. This agency could address the issue of rural transportation using a systems approach. The States themselves would identify their needs and establish their own priorities much as we do in other transportation programs.

Assume that one billion dollars were apportioned to the States according to the formula used in Section 18. The State of Georgia would have $37,000,000 for its rural program rather than the $2,400,000 currently available under Section 18.

With this level of funding I have little doubt Georgia can effectively organize and administer programs to alleviate the transportation deficiencies of our rural population while achieving major energy savings.

Mr. Chairman, I return to my earlier point, that little of substance has been done by the Federal Government to work in partnership with States to address the crucial issue of rural transportation. I believe the issue can be effectively addressed at existing funding levels if States are permitted to administer transportation programs in accordance with their own needs and priorities.

By nature, I am an optimist and I believe reason will ultimately prevail. By working together and combining our strengths and resources, we will overcome this crisis in transportation and emerge to build a better life for all.

Mr. MINETA. Please proceed.

TESTIMONY OF THOMAS D. MORELAND, COMMISSIONER, GEORGIA DEPARTMENT OF TRANSPORTATION, ATLANTA, GA., ACCOMPANIED BY JAMES L. STANLEY, CHIEF, BUREAU OF PUBLIC TRANSPORTATION, ATLANTA, GA.

Mr. MORELAND. Thank you, Chairman Mineta. Congressman Gingrich, Congressman Young:

I am sure you have been properly welcomed to Georgia, but on behalf of Gov. George Busbee as well as myself let me again tell you how pleased we are to have you in our State.

Mr. MINETA. Everything anyone has ever said about southern hospitality has been proven to us so far. We appreciate it very, very much.

Mr. MORELAND. Thank you very much.

We do have a balanced transportation program in this metropolitan area, and I am pleased you have been able to get a feel for some of it.

Jim Stanley is with me today, and he is head of our public transportation unit, but he has a new task. He is in charge of a new program in our department called energy-efficient mobility for

Georgia, EEMG, and it is the highest priority task in the Georgia Department of Transportation.

We are pleased to see these hearings taking place because we think we are facing many changes in our society, and no function is facing change any earlier or any more intensely than mobility. Our mobility, which is the greatest ever achieved by any civilization, is provided by our transportation systems, and these systems are based on, founded and operated on the basis of cheap and available oil. Of course we know it is not cheap any longer, and its availability is questionable, so I think we are facing changes in our transportation systems. Unless the appropriate ones occur, we will have a deficiency in mobility which will decrease our standard of living and affect our economic security.

Our goal is to provide the options necessary for the citizens of our State to retain sufficient mobility without dedicating such a portion of their income that their standard of living is drastically reduced.

In a nutshell, if we're not careful, our citizens will be putting their standard of living in their gas tanks.

We do not have the answers as to just which mechanisms are appropriate. We are struggling to find them just as you are.

As you say, Mr. Chairman, my written statement has been filed with the committee. I will not read it; rather I would like to summarize several points and then I will be glad to respond to any questions you might have.

First, I think the most profitable actions which can be taken in terms of energy efficiency and conservation while retaining mobility is to raise the energy efficiency of highway transportation. In our State we are going to try to do that by the institution of high occupancy vehicle lanes on our freeways and extensive construction of park-ride lots especially in the Atlanta metropolitan area; statewide we will aggressively expand our ride-sharing program, which we feel has already paid a significant dividend to the State. We don't claim all the credit for the ride-sharing program, but the passenger-per-vehicle ratio in the Atlanta metropolitan area has increased in the last 18 months from 1.17 to 1.30. That's still pretty poor, but that is a terrific increase in energy efficiency.

Of course, we hope to promote discipline in travel also. The equipment being used on highways must improve in efficiency, and great progress has been made in this regard, and I think that is a tribute to the Congress for setting the energy efficiency standards for modern automotive equipment. I see that improvement when I compare the monthly figures on miles driven in Georgia to the per gallon motor fuel taxes collected. We are seeing a much greater reduction in per gallon tax than we are in travel.

Government at all levels can only provide the mechanism for improving efficiency of highway travel. The users must institute the improvement.

It appears to me there is a growing thirst in the public for increased efficiency and, thereby, reduced costs to them, and I believe if the options can be offered now that they will be used.

We also wish to maximize the use of public transportation where it exists. it does exist in a fine system in the Atlanta metropolitan area and in eight other Georgia urban communities. In Atlanta we now have the 11-mile east-west rail line completed, and it is, of course, the flagship of public transportation in our State. We hope to have as an early priority a park-ride program along our east-west axis reaching far out into suburban communities. We hope these collection points will serve to funnel people into the terminal rail stations with buses, vans, and carpools.

There are some problems associated with this task since the suburban counties are not members of MARTA. I'm optimistic and believe that these problems are on the way to solution. The bus in our State will continue to be the prime public transportation vehicle, and its flexibility and efficiency is going to continue to serve us well. And an appropriate meshing together of cars, carpools, vans, buses, and a limited rail system is going to be necessary to keep us moving.

We very much also would like to see improvement in the energy efficiency of freight movement in Georgia. We frankly would like to see transfer of some of the heavy freight from highways to the more efficient modes of rail, pipeline and water transportation. I think this is a national problem, and one not properly coordinated in the transportation community.

The equalization of taxes among the transportation modes should occur so that energy efficiency and monetary efficiency are synonymous. Our free enterprise system will automatically select the most energy efficient mode of freight movement.

I am concerned that we may have made it too easy for economically healthy railroads to abandon rail lines just when we need them most. Surely, each small incremental segment of a regional or national transportation system can't be expected to pay a certain return on investment, or should not be expected to, if the entire system is profitable and paying an appropriate return. Our transportation system in the United States has generally been evaluated on a total system concept, and I have some concern that we may be abandoning or about to abandon some rail lines at a time when we're going to need them the most.

That is not to say that private transportation, private enterprise transportation should not receive a profit and an equitable return on investment. I am just concerned about losing any transportation resource at this time.

We hope to see a more careful location of industry and greater thought to the transporation involved in collecting people to run an industry, and for greater efficiency in market movement.

The creation of some form of public transportation in the rural areas of our State is probably our greatest challenge. We are attempting to make progress in this task in conjuction with local governments, but so far have met with only limited success.

Again, we see some of our transportation resources diminishing at the very time they're needed most. There is some threat of a cutback of intercity bus service in our state, and intercity rail passenger service in Georgia is very limited. We only have the Amtrak Crescent and two trains along the coast serving the Florida-Northeast market.

Frankly, section 18 of the Surface Transportation Act of 1978 has not been of great benefit as of yet. The imposition of the 13(c) provisions on even the smallest improvement under this section is a setback to its implementation. We are trying to implement it, however, and with some success.

Gentlemen, I guess my final point is a lack of optimism about the task of the moment. I think we are facing a mobility crisis and that it's going to take unusual judgment and unusual cooperation between all governmental levels and between Government and private sectors to keep our country mobile.

The ultimate hope, of course, is that alternate fuel souces will become available within the country or from secure sources to power our transportation system.

I will be glad to try to answer your questions, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Moreland.

I am just wondering, when you say that you were able to increase through the ridesharing program the average number of occupants from 1.17 to 1.30, what mechanisms did you use to achieve that?

Mr. MORELAND. Mr. Chairman, I don't claim credit for that total increase or even attribute the majority of it to the ridesharing program. I think ridesharing was a factor in the metropolitan area. We have touched 100,000 employees of big employers by going to the firms, securing the cooperation of management, soliciting from their employees information as to where they live, computerizing the results, and then counseling the employees and showing them their options for carpools or vanpools and for public transportation. We, in effect, furnished them a match and gave them the phone numbers of other people commuting from their area and encouraged them to carpool, and in that I believe we have touched 100,000 people. We think that's one factor in this increased efficiency.

I think the price of fuel has also been a major factor.

Mr. MINETA. You mentioned land use planning, and the problem of getting people and goods from where they are to where they are going or needed. What is the State doing in regard to land use effort at the local level and the need to be close to the market or close to the job, a problem that we seem to find across the country?

Mr. MORELAND. Working in two different areas, Mr. Chairman. First, of course, land use zoning is a local governmental function in our state, and we're not presuming to change that. But we are working closely with local governments and local zoning boards. Every community in our state is covered by a planning body, a collective planning body, not just urban area but the entire state. These regional planning bodies are made up of a collection of elected public officials from their areas. We're trying to inject collection of people to man the industry and commodity movements as a consideration of industry location. We have been very successful on locating industry, but I don't feel as a transportation person that efficiency of transportation has always been a strong consideration.

I believe we are moving toward that. It is a state goal to have industry dispersed across the state, so it involves working with our own State department of industry and trade to locate industry close to where the people are. Second, there is a natrual flow. People come to the department of transportation for access, access for commodities and freight as well as the other, and we review their sidings and that sort of thing.

Specifically, we're trying to get more of the heavy freight movement onto the railroads and trying to get industry close to people.

Mr. **Mineta**. As far as the State is concerned, there are 159 counties? Is that right?

Mr. **Moreland**. Yes, sir. We are blessed with a large number—second only to Texas. It's a small governmental unit, and it marks the way we have to do things. I think it puts more stress on State government to have 159 counties.

Mr. **Mineta**. Land use planning, you say the whole state is covered by some land use planning body?

Mr. **Moreland**. No, those are not land use planning bodies as such; they are area planning and development commissions. They advise the local governments and provide the technical expertise for land use planning, but the authority for zoning rests with that local government unit.

Mr. **Mineta**. Are these area groups State funded agencies that advise the local governments?

Mr. **Moreland**. They are State funded to some extent. They're funded primarily by the local governments. They are advisers to the local government, and their policy bodies include members from the elected governments, county commissions and mayors of all the cities. They serve us particularly well because of the small county unit. They've got land use planning experts in those APDC's, they've got taxing experts, and they serve the whole gamut of governmental agencies, but they're not governments, they are advisory bodies.

Mr. **Mineta**. Would you say you have had better success in working with these groups in metropolitan areas than in the rural areas?

Mr. **Moreland**. No; I wouldn't say that, Mr. Chairman. I think we have had success, fine success in the rural areas, sometimes greater. The rural APDC's are more simple from the standpoint of their structure.

The MPO's are in the metropolitan areas, the one here in the Atlanta area has a tremendous number of governments involved. A rural area planning development commission in Georgia probably would encompass 25 or 30 counties and maybe 40 cities; that's a less complex body, and their problems aren't as complex. We have had equal success in rural areas.

And I think they will be a fine tool in creating some public transportation mechanism in the rural areas, but yet I can't report any great progress in getting something off the ground.

Mr. **Mineta**. You say there is an abandonment or at least a lessening of intercity buses in rural areas——

Mr. **Moreland**. Yes. We have lost in the last 5 years—and this is off the top of my head, I'll ask Mr. Stanley to furnish your staff an accurate figure—I believe that we have probably lost 15 percent of intercity bus service. That has come about in my opinion through economic problems of the private bus carriers, poor management by the private bus carriers, and lack of responsiveness from the State regulatory bodies as to their problems.

[The following was received for the record:]

INTERCITY BUS SERVICE

Georgia has lost a significant amount of its intercity bus service in the past five years—most of this loss has been in the northern third of the state. The three major intercity carriers; Greyhound Lines, Inc., Trailways, Inc., and Southeastern Stages, Inc., have reduced or discontinued services along major transportation corridors such as U.S. 411 (Atlanta to Knoxville), U.S. 23 and U.S. 123 (Atlanta to South Carolina) and State Route 5 (Atlanta to McCaysville). These major carriers are reporting that there are 27 additional routes losing money and in jeopardy of being discontinued. The routes in jeopardy cover 4-million bus miles annually and provide 50-million passenger miles of capacity. To address this possible cutback, the Georgia Department of Transportation has proposed providing operating assistance which would selectively preserve approximately 20 million passenger miles of capacity.

Private sector participation

The Department supports the active participation of the private sector in transportation. Besides working to encourage and finance intercity bus service, Georgia has been actively seeking private providers to provide van pooling services. These ready, willing and able providers provide the critical link in our van pooling efforts, facilitating the activation of a van pool once the State program has identified the participants.

We have also actively sought the assistance of the private sector in our Section 18 program. A demonstration program, which the State will initiate, will use the bus brokerage concept to determine the applicability of this approach in our rural areas.

Taxi service

Taxis, while providing a needed service in small cities, have not proven to be an effective method of transportation due to their low occupancy ratio. However, where public funds are involved in social service transportation we believe taxis may potentially be more cost effective than vehicles typically operated by these agencies for their transportation needs. We have serious reservations that organized transportation systems using 504 mandated equipment can compete on a cost-service basis with privately operated taxi service.

Disruption of foreign oil supply

Georgia's Office of Energy is developing an energy contingency plan which would respond to a total interruption of foreign oil supply. The Georgia Department of Transportation is developing a plan that would maintain mobility in the face of continuously reduced supplies. This plan emphasizes energy efficient mobility in all aspects of the passenger and freight travel. Increasing vehicle occupancy ratios is one of the goals of this program. We also look to increase the energy efficiency of other aspects of transportation under our oversight including reducing congestion, facilitating traffic operations, park/ride lots, HOV lanes, carpool, van pool, etc., which would provide the public with energy efficient mobility.

Use of school buses

The use of school buses for transportation, other than for school purposes, has not been successful in Georgia. Restrictive regulatory provisions and other legal stumbling blocks have prevented wide usage. Additionally school buses lack durability and do not provide the comparable comfort and convenience of regular transit vehicles so that high quality bus service would not seem feasible with school buses.

Air carrier deregulation

The recent deregulation of air carrier service has adversely affected several of the communities throughout Georgia. While four communities have remained unchanged, four others have lost service from at least one carrier.

Athens: Reduced frequency of service (Republic); trips to Atlanta have been cut back from 5 to 2 roundtrips per day.

Augusta: Lost one carrier (Piedmont).

Columbus: Lost two (2) carriers (Eastern and Southern); trips to Atlanta have been cut back from 16 to 6 trips per day.

Macon: Lost one carrier (Eastern).

Savannah and Rome both expanded by adding one carrier; Eastern serves Savannah, and a commuter, Sunbelt Airlines, serves Rome. Columbus has been the most severely affected community in the State. Prior to the deregulation action, Columbus received nonstop service from three carriers—Delta, Eastern and Southern—to Atlanta and three other cities. Present service has been reduced to 6 round trips per day to Atlanta by Delta.

The Georgia Department of Transportation has assumed a leadership role in the promotion of more efficient transportation. The Department's own employees are setting an example for the rest of state government and for the Atlanta area. Of the staff complement at the General Offices in Atlanta 62 percent carpool, van pool or use MARTA. We have sponsored legislation removing restrictive regulatory requirements from van pools; we have actively promoted and implemented ridesharing programs and have worked diligently towards making these a success.

Mr. MORELAND. This year we have been informed by two major carriers, the Greyhound and Trailways systems, that they plan further abandonment. Now, it's my judgment they are pressing this issue because there is now available through the Federal Government some purchase-of-service subsidy. We are proposing to participate in that program in my budget request to the general assembly, and I'll be heard tomorrow by the appropriations committee. It includes for the first time a request for State funds to continue intercity bus service to those areas where the private carriers are losing money.

Mr. MINETA. To what do you attribute the private carriers abandoning, or the PUC being responsive to their requests to abandon, service?

Are they not raising fares enough to keep up with fuel costs?

Mr. MORELAND. I think it's three factors, Mr. Chairman.

First, there has been the continued dependence on the private automobile. It has not given them the markets, that has been the main problem, and I would like to come back to that point.

Second, I don't feel that there has been enough imagination, enough change in the management of systems to respond to the changing market.

And third, we have had problems with regulatory relationships. We have had one carrier who has abandoned intrastate service and still operates its buses in interstate commerce. We've got closed-door buses going through some Georgia communities because of squabbles between the carrier and the Georgia Public Service Commission, and I have talked to the Public Service Commission about some improvements in that. It's my judgment that the desire that I see developing in the public for more efficiency in transportation will cause us to have a better situation. I don't think the public is going to put up with it any longer.

Mr. MINETA. Is there any movement in the State legislature toward deregulation of the bus business?

Mr. MORELAND. Some talk, Mr. Chairman. I'm not sure that there are concrete proposals which would accomplish that. There is some discussion in the Senate Transportation Committee.

Mr. MINETA. I would think in a State like Georgia where you have something like MARTA, and it's not only the flagship of Atlanta, but I would say from what we heard from Mr. Kiepper yesterday and what we have observed of MARTA's operation that it's probably the flagship within the entire transit industry today, but there must be greater emphasis on what to do in the rural and less populated areas. I'm really interested to hear from you on what kinds of things you have in mind. You have Mr. Stanley dealing with energy efficiency.

Mr. MORELAND. All right, sir, I would be delighted to tell you. First let me say that I am an ex officio MARTA board member, and I have supported it, I'm pleased with your statement, but——

Mr. Mineta. Also in your response if you'll tie it in with section 18, because you say section 18 is a disappointment. I would like to hear more about that.

Mr. Moreland. We people who operate government—and I have been in State government for 22 years—have a tendency to get a domain and try to protect it, and I think we've got to give up these domains and let the whole operate.

I have seen MARTA oppose, before the Georgia Public Service Commission, vanpool operations because it was cutting in on their, quote, territory, unquote. I am pleased that they have changed that.

Mr. Kiepper and I had a conversation just last week about what MARTA's attitude would be toward private carriers, vanpools coming through from the non-MARTA counties. You understand that Fulton and De Kalb Counties pay a 1-percent sales tax for the support of MARTA, and appropriately they feel some possessiveness of that. I feel that our most immediate problem is suburban counties which are not members of MARTA. It is my intention from the State department of transportation position to push for those suburban counties to decide to join MARTA or not. I think the time of decision is here.

The biggest one is Cobb, 280,000 people who live right across the river from Fulton. We cannot keep them mobile without some form of public transportation.

Mr. Mineta. I understand 40 percent of the cars at the Hightower parking lot are from other counties outside of those who pay the tax.

Mr. Moreland. Well, I guess I don't believe that's necessarily bad. My desire—you asked what my plans are. My plans are to get collecting points out in Cobb and Douglas Counties along I-20 and have people park their automobiles there and get into vans. And vans can feed buses and go into the Hightower parking lot. It is not energy efficient in my opinion to provide enough parking at the rail lines to accommodate people to come and park. We've got to collect them at other points and bring them in to the rail line. The same thing is true in the eastern metropolitan area. We've got to try to get suburban counties into MARTA, and if they fail to come in we've got to then create in those counties some public transportation.

In addition to that, we have to create collecting points through the park-ride mechanism and haul those people to a point that they can get on the MARTA system if they're doing business inside the perimeter.

Outside the perimeter we've got to have a regional mobility that's really beyond the present limits of MARTA. Outside this one metropolitan area I think that the promotion of more energy efficient use of highway transportation is what we're going to have to do, with some continued promotion of aid to other urban transportation systems.

In the rural area we have got to provide some form of minibuses, vans. I don't propose that it's going to be a high service transportation to begin with, but it's going to give the rural dweller something. In Georgia now you can survive without an automobile in nine locations. I don't believe you can do that outside those areas.

We've got to offer as the price of fuel goes up—it's already at that point—the lower income scale who are transportation deficient some alternative right now. Many communities have nothing.

Then too I think we're ignoring freight. I strongly believe that not only do we need to look at passenger movement, we need to look at freight movement. The placement of bigger and bigger trucks on the highway won't solve the energy efficiency of freight movement. We believe we've got to have more aggressive management in the railroads, they've got to want business again.

We've got two healthy railroad system, and we're fortunate in that regard. They're profitmakers. But they have become very selective in the business that they want, and we've got to make it attractive to them to solicit all forms of business so we can get more energy efficiency in the total freight movement picture.

Now, section 18, we would like to be free to purchase service from private carriers. I think Dr. Davis' ideas are very similar to this, and he's seen some examples. If you utilize a private transportation carrier for one purpose some governmental mechanism should allow that carrier to be multipurpose—not have a transportation system for elderly and handicapped, for schoolchildren, for workers. We've got to find in the smaller community in the State and the county an answer to putting them all into one pot and to have public transportation mobility hopefully based on the private carrier. If not, then to put some of those governments into the transportation business.

I feel that 13(c) has been the biggest drawback in section 18. I think it's utterly ridiculous to ask a small county with 8,000 or 10,000 people to sign the sort of agreement that they're being asked to sign in order to have the State and Federal Government deliver them some vans to move people.

Mr. MINETA. What about high occupancy lands?

Mr. MORELAND. I think they are absolutely essential to raise this passenger-per-vehicle ratio. We are desperately trying to construct high occupancy vehicle lanes on all the radial freeways in the Atlanta metropolitan area. We have a handicap in early implementation because most of the Atlantic freeway systems, or at least the basic skeleton of the system, was constructed prior to the interstate highway program with mostly local and State funds, and then incorporated into the interstate system. They are four lanes, two lanes in each direction; we simply cannot put buses and high occupancy vehicles in half that capacity, so we are attempting now, and have under construction, about 15 miles of high occupancy vehicles lanes at the present moment, and by the end of the year will have about 35. They will serve the transit stations.

Mr. MINETA. Mr. Gingrich?

Mr. GINGRICH. First of all, thank you very much for being here, Tom. We commend you for the job you've done. I think that you have genuinely made the department of transportation focus on the entire complex of concerns of mobility in this society.

Mr. MORELAND. Thank you, Newt.

Mr. GINGRICH. I know you have put together a staff that has been innovative and aggressive in a number of these areas, and I want to pursue them with you. I want to encourage you to continue to be the lead agency as you indicate that you are in your testimony.

You estimate various percentage. You talk about 88 million person-miles by the year 2000 to the central business district. Has that projection changed much as energy prices go up and up and up?

Mr. **Moreland**. It's not changed yet, Congressman, but I believe we will soon have a major update of the Atlanta metropolitan area transportation plan. It's my judgment that the break between automobiles and transit will change, and I think that figure will change.

Mr. **Gingrich**. When you do re-estimate it, could you let the committee have a copy of it; also, in particular, whether you think there is going to be a continued increase in total private automobile travel by the year 2000, or if you think with the combination of car and vanpooling and other facilities we may be close to the crest of that particular wave.

Mr. **Moreland**. I have somewhat of a personal problem with these computer models. They are the best we've got, they're an organized approach to it.

In a court case in which I was recently involved the judge asked about an assumption that had been made for the computer—and I will tell you that this model included considerable escalation in motor fuel price—but it was not as rapidly as we have had. I think they used $1.50 in 1990 and maybe $2 in the year 2000 or something of that general term.

You can't estimate the thirst of the public, and my own belief is that public transportation is growing and there's going to be more willingness to participate. We have had a tremendous reaction to the opening of the rail line. People will go get on the train where they would not get on the bus. We've got to get them, though, to not travel further to ride the rail line. I think that there will be some change in that, and we will furnish you those figures.

As a matter of fact, I would like to sit down with our planners and reevaluate the latest estimates and furnish you later projections.

For example, in the Northeast corridor they are loading the rail line up to capacity first and then letting the spillover go into highway transportion. But we would like to furnish you our latest evaluation of that, and that's all I can tell you.

Mr. **Gingrich**. All right. Thank you.

You mention the decline in intercity bus service inside the State as a problem. I personally am concerned about it because my hometown of Carrollton went from some service to virtually no service, and then back up to a private sort of a non-brandname service for a while.

What can we do in the next few years? You refer to the desirability of private involvement both there and in terms of vanpools. In what ways could we clear the decks to make it dramatically easier for entrepreneurs to get out there and try?

Mr. **Moreland**. Mr. Gingrich, I'm not sure, and that's a question that needs to have the best brainpower answer it. I guess my own personal opinion is the first thing to do is deregulate, turn them loose. If we have a fellow who will purchase a van and haul people, let's give him the opportunity, and then somewhere down the line there's going to have to be some regulatory order brought to it again, but I guess the best thing I can say is to turn them loose.

A healthy sign in the Carrollton situation is like 2 years ago when we had an abandonment of service, we had a private entrepreneur who came in and said "OK, these national systems can't do this, let me do it." You know, that's what we need, and we don't need them harassed and we need to turn them loose. I guess deregulation of it is the answer.

Mr. **Gingrich**. I would appreciate it if your folks could drop me a note in the next couple of months as they compile what they think we ought to be doing. I would like to deal with it personally.

Mr. **Moreland**. That's the reason I said we don't know completely, but I think the healthiest thing is that it is going to become politically expedient to do so. I told our people this week that if by the end of this year we do not have some mechanism in place for people to try to stay mobile at lesser cost, they're going to hold Georgia DOT responsible.

Mr. **Gingrich**. I think similarly they will hold the Congress responsible if we're not able to move ahead and clear the way for it.

We had an excellent talk last night. A number of folks talked about the problem I'm calling minitransit; that is towns too small to have a MARTA.

Let me ask you first of all, have small taxi companies been able to stay in business in the smaller communities? Is there any kind of access for a person without a car?

Mr. **Moreland**. Again I would like to ask Mr. Stanley to assess that question and give you an organized answer. It's my feel that they're more viable than they have been in many years. Yes, I believe that almost all of our cities, small cities, even 2,000 or more do have taxi service available.

The rural dweller 10 miles out, though, probably doesn't have access to that; you can't get them to come out there. But in an organized city of 2,000 or more I think, yes, we do have taxi service.

Mr. **Gingrich**. We have been talking to some extent about the problem of access for the handicapped, and a number of people have talked about the demand response system. Are we also going to end up talking about that kind of system in rural areas, that is a demand responsive rather than a scheduled——

Mr. **Moreland**. We think we may be. I guess my philosophy is I want to get some practical people out there operating them and let them figure out how to do it.

Mr. Stanley feels, and I agree, that we should start with both, establish an organized route but don't have it encompassing his entire being, allow the operator to vary his route based on the demand response. I think some combination of both is going to be necessary. Maybe he's got a route on Monday, Wednesday, and Friday that he runs in a rural county; maybe he's demand responsive the rest of the time, or he is figured out a schedule. You've got to customize rural public transportation, you can't standardize it in my opinion.

Mr. **Gingrich**. You talk about an organized system of vanpools in cooperation with employers. What are the steps we can take to give the employers an incentive to cooperate with you in developing the sophisticated ways of getting the people to work?

Mr. **Moreland**. I think your programs are pretty good in that regard. I think that maybe the most positive quick response thing we've done. I don't think government can do this task completely, Congressman. I think if we do do it, it will not be deep rooted and may fail.

I'm tremendously pleased at the private response we have. I think all we can do is create a governmental mechanism that will allow it to happen. We might wish a further expansion of insurance, some system that would provide insurance if it's not available at a reasonble rate from the private source, and perhaps financing, but I'm not sure that either of those are entirely necessary. I would like Jim Stanley give you his judgment on that issue.

Mr. **Stanley**. I think the employers see a strong element of self-interest in the vanpools. We have interest in many areas of our State, and many times they are in the less densely populated areas where employees or workers commute over long distances. So they are already expressing some concern about having an adequate number of employees there on time, and particularly the idea you bring people to work in groups such as a van. I think it has considerable appeal.

The vanpool itself is a program I think that is going to lead to an adjustment in our living patterns, living habits. We will have to learn to change our habits, and this I think is one of the tasks that we are taking about which essentially is one of education—to inform the individual really what his potential savings are, and that even though he keeps his car at home he can certainly travel to his worksite to work and earn his paycheck.

Mr. **Moreland**. Congressman, I have one other thought, and I'm not ready to propose it, but it might be worthy of consideration. For a limited period of time there might be some tax credit offered to employers who put vans out there and fund them much as we do for energy efficiency in heating buildings. Certainly more fuel would be save, but I believe it will work without a whole lot of governmental motivation; let's just don't get in its way.

Mr. **Gingrich**. All right. You refer to the fact in one sparsely populated area over 87 publicly funded vehicles are used in various programs. Again we're talking—how do we coordinate scarce resources, and how do we have multiple passenger vehicles above and beyond the private car? Let me ask you two about two things. One is, it has struck some folks that schoolbuses are an enormous asset to use more than during brief periods. The other is I know in some of my counties there are all sorts of vans available which the U.S. taxpayers have paid for which can be used by X but not by Y, and it's sort of a mess.

How can we approach those two? They may be separate issues, but how can we approach combined utilization of taxpaying resources?

Mr. **Moreland**. You've got to have an atomosphere in government that won't tolerate this domain problem. Governor Busbee has mandated that the State government is going to get together as a whole. We entered into a written agreement with the Department of Human Resources to coordinate those uses, and we have made some progress. We haven't solved it completely. We still have domain problems which occur on the local level.

Simply, elected officials have to stop tolerating that from the people who work for them—such as us. You can't have these domain problems.

I don't know about schoolbuses. I was very high on that at one time. In Atlanta you know MARTA is moving schoolchildren, and doing it well. We had a problem with some regulation there, and I hope that's been solved. But we need to get the vans sorted out and then think about schoolbuses. We don't need to tolerate domain protection, we need to look at mobility and the whole picture.

Mr. GINGRICH. About your notion of tax credits, for example, for vans, we talked briefly with Mr. Kiepper yesterday about the idea that possibly the purchase of MARTA cards could become a tax credit for the private citizen, and I mention a credit because it would lower taxes as an incentive to get them out of the private car and give them an additional reason for purchasing a MARTA card.

Would that have any impact? In other words, if you bought your transportation for a year through the purchase of those cards, you could take that as credit at the end of the year against your income tax. Also you would——

Mr. MORELAND. That's an innovative idea. At the present fare level of 25 cents I don't think so, but one of the things that's of concern to the MARTA board is what that fare has got to rise to. When it gets beyond 50 cents. I certainly think that's——

Mr. GINGRICH. We got to this because Mr. Kiepper said he was trying to encourage this benefit to employees, rather than giving them a parking space give them a monthly card.

Mr. MORELAND. I understand. Perhaps, yes, sir.

Mr. GINGRICH. I'm just curious if you have any objection to that.

Mr. MORELAND. No. sir, I have no objection. I just haven't thought about it enough that I would make a strong pitch on it. It's certainly worthy of consideration.

Anything we can do to get people, especially the worker, out of the automobile and into some other form of transportation we're ahead.

Mr. GINGRICH. I want to ask one other question. In term of fighting the domain issue, would you be interested in combining all Federal funding for transportation into one pool?

Mr. MORELAND. Yes. Now wait a minute, let me rephrase that.

Mr. GINGRICH. In other words, there would be no trust funds, there would be no 27 different categories. It would be one unified transportation kitty.

Mr. MORELAND. I understand the question. No, Congressman, I have thought long and deep about that. No, I think you would have more domain problems there than with the current way.

Now, this cross-department domain business where you've got a user fee that is supporting a mode—and I have throught deeply about it—no, I do not support that. But if there are rural public transportation funds available it is not very advantageous to have them channeled through so many sources.

Mr. **Gingrich**. Thank you.

Mr. **Mineta**. Mr. Levitas.

Mr. **Levitas**. Thank you, Mr. Chairman. Commissioner Moreland, it's good to see you here today.

My experience with the Georgia Department of Transportation under the leadership of Commissioner Moreland is that it's truly a department of transportation and has made that full change from what used to be the highway department into a multimode transportation department, and I think that's something all of us in Georgia are proud of and hopefully similar departments elsewhere in the States can look to what has been accomplished here.

I have one or two questions, Commissioner.

Yesterday there was some discussion with Mr. Kiepper and Mr. Addison about the funding mechanism in the event that a portion of the windfall profits tax which will pass Congress in the very near future is designated for mass transit. Do you feel that it would be well to take the windfall profits tax portion for mass transit and set it up in some sort of trust fund for mass transportation, or do you feel that it would better serve the interests of transportation, mass transportation, to continue to let this be subject to annual appropriations or biennial authorizations?

Mr. **Moreland**. It's good to see you, Mr. Levitus. I live in the Fourth District, and I'm continually pleased with your representation.

I may have a biased view on that because I've been an operator and worker in transportation for 22 years, and I have operated under a dedicated revenue situation. I would recommend a dedicated source so that some projections against revenue could be planned and it wouldn't be an annual opportunity to hassle. I just think that the Congress should determine what the appropriate program level is, and put in a dedicated fund, and then that would allow so much more in the program.

Mr. **Levitas**. The other subject that I wanted to discuss with you briefly relates to a concern that I've had with for several years now, and which you have already touched on in your testimony, and that is the provision for transportation needs in rural areas.

It is easy to see how we could provide effective low cost and environmentally sound transportation in densely populated urban areas, it's a much more difficult problem it seems to me in the rural areas. You make reference in your testimony to the fact that intercity bus service is dwindling, and that's particularly true with respect to small communities where there is no other option. There is no train, there is no rapid rail, there is no means of transportation unless you have an automobile or a mule I suppose.

What can we do, what can the State do? You say the State and local governments are to take the lead. Specifically, how can you provide for the transportation needs of small communities and rural areas?

Mr. **Moreland**. I touched on that earlier and the main thrust of my testimony was I don't know. I think we've got to try, and we may have a lesson to look back to when we were a less mobile society. I grew up in rural Georgia when we didn't have the kind of mobility and options that we have now. We cannot expect to offer to the rural dweller the serviceability that we do an urban dweller, it's just a realistic fact. But we've got to offer them some, some basic alternative to an automobile so that you can survive in a rural environment if you don't have a car and can't afford to operate a car.

Our idea is to have some governmental mechanism that will vary from local government to local government and that will give us a natural experimentation from, which, hopefully, the correct solution will come.

In some counties we want to try to create a county operated small bus system; in others we want to try to stimulate private carriers to operate with some purchase of service by the social agencies and even by the Transportation Department.

As I answered Congressman Gingrich earlier, I think it needs to be a combination of some routed service with some flexibility for demand response. If we can put all of the mobility, rural mobility, elderly, handicapped, indigent, whatever into a resource pool and get some practical people out there to operate it, they will figure out the way to give some service. We cannot overpromise mobility out there. You know, I remember when one form of mobility was a rolling store, and it's not to be sneezed at. That brought service to the people, and we may have to take some services back to them rather than bringing them to the services.

We've got to experiment, start out with purchase of service where that framework exists and create some and see how they work.

Mr. LEVITAS. It seems to me this has been a neglected area, and I think in part because of what I hear you say that there are really no ready solutions that have been kicking around as there have been in mass transportation.

And one of the things that we did in Congress 2 years ago—I remember I offered the amendment in the Public Works Committee markup of the surface transportation authorization—was to provide funding for subsidies to intercity bus service for small communities service to see if we could, by providing some sort of subsidy, get the service restored to some of these small communities.

Have you seen any evidence at all that FHWA has implemented this program to any extent whatsoever?

Mr. MORELAND. Yes, sir. I think there has been a response to the program. We have been notified it's available, and I'm proposing tomorrow to the place you're a graduate of, the House-Senate Joint Appropriations Committee, that we fund the States and local share of that. We want to purchase some service.

Now, in all candor there has been a response from private carriers, too. They see that available, and they have gone back and computed all their losing service, and they're telling us if we don't buy it they're going to abandon it; so, you know, maybe that's good because it's going to bring on a crisis. I hope that we can purchase some continuation of service. I think it's a good buy.

But for Georgia, as you can imagine for Georgia State government, it's a radical departure to purchase service from a private carrier. I'm saying purchase service rather than operating subsidy.

Mr. LEVITAS. I'm sure it's a subsidy, although from the point of view of the State it's a purchase of service.

In the case of rural transportation other than the intercity system which I'm very pleased to hear you say you're going to see if it is workable and make this first effort—I think that's excellent—do you foresee the provision of transportation services in small communities, relatively small compared say to Atlanta as requiring some additional involvement by the State?

Let's take Augusta, Ga. for example. I won't say it's a small community, but its transportation needs and its transportation services are quite different from those of Atlanta, or Albany, Ga. is another example—small, relatively small middle sized communities. How do you see us providing adequate public transportation in those communities?

Mr. Moreland. Senator, I think it's just as necessary there and even on down to the smaller ones. There is both the Federal and the State role. If there isn't, it isn't going to happen.

There is often more reluctance locally to operate and cause to happen a transportation system in a small community than a larger one. It's a matter of survival as well as range. In Atlanta it's self-perpetuating, but the bus systems in Augusta, Macon, Albany are all in trouble, and there are significant Federal funds under section 5 going into—and some section 3 moneys—those communities. The State has long motivated that by providing half the non-Federal share.

I see a need for continued involvement in both the moderate size communities such as Augusta, but also in the local areas where we want to take section 18 funds in some counties where they are receptive, purchase some vans and minibuses, get an operator, hopefully a private one if not the local government, to try that some other places. We would like again for the local governments to purchase service and see how it is. So I think we continue to need the involvement.

Mr. Levitas. Thank you very much, Tom. I think your statement today was an excellent one, and I'm glad you emphasize the need for providing services in rural areas, transportation services, for this does pose even a greater problem than in the urban areas.

The only thing that I disagree with you about, was when you said—as sort of a throwaway and we'll discuss it at a later date—that deregulation of air carriers is seriously jeopardizing the availability of service to small cities. I think that I can provide you with some evidence to the contrary in this case. They're getting a different kind of service, they're not getting 727's and DC–9's, but they're getting more frequent service and maybe even more seats.

Mr. Moreland. I would like to furnish you the flights for the Georgia cities. Columbus has three carriers and I forget how many flights, and now they're down to one. Maybe my view is based on too short a perspective, maybe it's coming back.

Mr. Levitas. As one who believes in the free enterprise and the market system for allocating resources for the most part, I think you'll find that deregulation is going to serve all best in the long run and commuter airlines are going to take up what appears to be a shortfall in service in the short run.

By the way, let me ask you about that while I'm on.

Did you feel that the State Department of Transportation in Georgia was appropriately consulted by CAB in determining the essential air service requirements that are incorporated in the new regulations?

Mr. **Moreland**. No; but I think we were consulted as much as any other. I offered testimony here in Atlanta when they came down and held their hearings. They were very courteous and accepted my testimony, and I don't have any severe criticism.

I would have liked to have had—maybe I'm getting into a domain—an opportunity as the operator of the State transportation agency to have been more involved in their planning. But that is a moderate criticism and not a severe one, and I can't leave this deregulation without some further comment philosophically.

Perhaps my staff feels a little stronger about the airline deregulation than do I. I think we went awfully far awfully fast. The principle was essential, and it is essential throughout the transportation industry. I support deregulation, and I just remarked before you got here to Congressman Gingrich that in this idea of providing some mobility throughout the State the biggest thing we can do is turn it loose, allow private entrepreneurs to come on with buses, vans, and then at some point in the future when it becomes maybe overstocked or overstaffed, then we may have to think about some moderate institution of deregulation. But the most positive thing we can do in bus service and public transportation right now is to open it up completely, so we're not that far apart.

Mr. **Levitas**. Thank you.

Mr. **Mineta**. Mr. Stangeland.

Mr. **Stangeland**. Thank you, Mr. Chairman.

Mr. Moreland, I do want to commend you for an excellent statement because I happen to serve a rural district that is approximately 50,000 square miles, not too much smaller than the total State of Georgia. Your remarks on transportation for rural areas is something that's near and dear to me.

I would like to ask you to elaborate a little bit more on your statement that it makes little sense to arbitrarily require the installation of expensive and trouble prone lift devices on vans and small buses.

I share a concern over more than just passenger carrying capacity, a concern about the expense of equipment for the minimal amount of passenger miles or numbers of passengers that you would be serving. Does it increase the cost of the system so much——

Mr. **Moreland**. Yes; it certaintly does. I'll ask Mr. Stanley to give you more detail. As president of AASHTO that's the American Association of State Highway and Transportation Officials, when the rules for elderly and handicapped transportation were being set, I testified about leaving the operators some initiatives and discretion and to judge them on the results. Judge us on the mobility we provide to the elderly and the handicapped, not dictate floor levels and lift devices. It's very clear the intent of Congress and everybody else is that the elderly and handicapped portion of our population will have mobility, but again I think it's got to be customized and can't be standardized. To equip every bus and to equip every van with a lift device is just not an efficient use of public funds. Allow the providers to propose a plan which provides mobility, and if their plan is deficient, if the results don't prove out, then they can take other actions, but to dictate from the Federal Government, from Congress, or from the agency just exactly what those rules are is just wasteful.

Mr. **Stangeland**. I totally agree with you, and I think it's a symptom of oversimplification, when we pass a rule or regulation in any sector that covers 50 States and it's not appropriate in all areas. What fits Chicago doesn't fit Burnsville, Minn., or a little town in Georgia.

I was visiting on this issue in my district, and it seems to me—I don't know how you go about it, how you use it—but it seems to me that we have got a tremendous reservoir of transit vehicles in rural areas in our schoolbuses, and they are used 4 to 5 hours a day. I would expect that's the longest period of time they're used. Is there a way we can utilize them and provide some service to some of the smaller towns and yet not disrupt their function as schoolbuses?

Mr. **Moreland**. I think so, Congressman, but it's going to be a difficult task. We're going to attempt that, but we're going to attempt to use the other vehicles out there first.

There is no doubt that education is the No. 1 priority of most State and local governments, and it will have to be accomplished in a manner that it doesn't take away from that, but, yes, I think that it's possible and we're probably going to work on that. Governor Busbee has been interested in that for some long time, at a moderate level, to see if we can ge a demonstration county where we can reach agreement with the school superintendent and so forth to do that. I think it's possible.

The biggest task in providing mobility in rural areas given what we've got at work is to get rid of the domain problems, and the only answer I've got is that the elected officials just don't need to tolerate these domain problems any more.

Mr. **Stangeland**. I would ask you to comment on one other point. As you know, we are in an energy crunch and a gasoline crunch, so these of us in rural areas perhaps should be very supportive of urban mass transit because every gallon of gasoline that we save in an urban area frees up a gallon to be used in a rural area where distances are farther and public transportation isn't available. Do you have a comment on that?

Mr. **Moreland**. Yes. Of course, surprisingly enough, Congressman, in Georgia the pattern of our development is quite varied. We have two very different situations, the Atlanta metropolitan area and the remainder of the State.

My recollection is that the per capita consumption of fuel in Georgia is about the fifth highest. We're surpassed by four other much bigger States, Texas, Wyoming, Montana I believe and Arkansas. We have a pattern outside of Atlanta of our population being very dispersed. They like to live in the country and work in town. They have a small farming operation and it requires a great deal of fuel. I think, again, there is an interest to look at transportation as a total entity. If we can effect efficiency in one facet or one area of the country, then it's going to free it up for the rest of us.

I also would make this point. We can't put coal, wood, or solid fuels in a locomotive or an airplane or an automobile right now, but we really ought to think about preserving to the maximum

best copy available

petroleum for transportation purposes totally until we get some alternate fuel developed. The development of alternate fuels in my judgment—and I'm a biased witness because I have worked in transportation for 20 years—ought to be destined toward transportation.

We have fuels that can keep us warm and can generate electricity that are secure and that are under our thumb, so I concur with it. I think that the development of alternate fuels, though, ought to be first for transportation. That's going to be where we feel it first.

Mr. STANGELAND. I can't agree with you more. I don't know if you're aware, but the State of California, with all due respect to our chairman, burns more fuel oil to generate electricity than we use in Minnesota for all purposes, so that doesn't make much sense.

I would very much appreciate when you have a pilot program developed for utilization of schoolbuses that you apprise the committee of it, and I would like to have a copy of a draft plan, because I think it is something we ought to be looking at.

Mr. MORELAND. We have looked at it and negotiated it. We have more really than I have talked about. We will furnish you that later.

Mr. STANGELAND. And the other thing we have a problem with, and I don't know how to resolve it, is we're a society of convenience. Whether we're vanpooling or providing public transportation, my people commute 25 miles from one small town to a larger town to work. They don't ride together because they may want to go shopping, or they may want to go to a show, or they may want to stay for dinner. They like to be free, they like the convenience of driving the car. How do we wean them away so to speak? Maybe gasoline prices will wean them, the availability of gas may wean them but somehow or other I think we have to figure out ways to wean them away from that convenience that we have become so accustomed to.

Mr. MORELAND. I concur, and it's my judgment that we are in the process of doing that, that finally we will, I believe, see more response and more solid response than in the past, and people are evaluating that convenience.

You know, we have not always been a society with this much convenience, and until we get some alternate fuels developed we're going to have to lose some of the convenience.

Mr. STANGELAND. All right. Thank you, Mr. Moreland.

Mr. MINETA. Mr. Young.

Mr. YOUNG. Mr. Moreland, I appreciate the opportunity to have a chance to hear your testimony. Missouri is not too dissimilar from Georgia to have the benefit of a DOT. I introduced a bill to that effect as a member of the Missouri Senate about 7 years ago and it was finally passed, and as of the first of the year the department of transportation is now going into operation. I'm sure there will be some problems as we go into that.

I'm interested in the HOV section that you mention in your statement, the high occupancy vehicle lane, and you apparently are in the construction stage on the first lane?

Mr. MORELAND. Yes, sir.

Mr. YOUNG. Will that be in the urban area around Atlanta?

Mr. **Moreland.** Yes, sir. It will be in Congressman Levitas' district, starting out at the perimeter route and will eventually come right into the CBD, and we will have dropoff points at several of the MARTA facilities.

Mr. **Young.** Apprarently, it's going to be for vanpooling and buses and car-pool type operation similar to what they have on the Shirley Highway in my area, which I'm not real crazy about at this particular time.

Is it your intention to limit those lanes during a 24-hour day to an 11- or 12- or 10-hour basis? Have you looked at all the problems throughout the whole country on those kinds of lanes?

Mr. **Moreland.** We're trying to look at them. Our lanes won't be like the Shirley Highway lane, Congressman Young. They will be adjacent to the other lanes. They will be separated by some buttons—that's our plan at the present time—which can be crossed but will be inconventient and very, very obvious.

We don't know, frankly, exactly how we're going to operate those lanes. The general assembly gave us the authority to classify traffic on those lanes.

Mr. **Young.** Any more direction from them than that?

Mr. **Moreland.** No more direction. They left it up to our discretion.

It's my thought that we will operate them at the present time 24 hours a day because the time the freeway is stressed is the work trip, but we have such a heavy flow in this corridor that it doesn't reverse too much. The reversal is no more than 60–40 or 58–42, and it's my present thought we will start operating both directions 24 hours a day and we'll start operating both directions 24 hours a day and we'll learn from that.

Even I haven't decided, and our people are making a study now as to what will be the break on whether it's a high occupancy vehicle, whether it be three or four people.

Mr. **Young.** Or even two?

Mr. **Moreland.** Even two, that's right. We may start with two and then escalate it. We want to market that service, we want to get them over there, and we very well may start with two. We want to keep that lane free flowing. We want it to be an incentive to get over there. We're going to try to take a practical approach to it and to figure it out as we go.

We do have some special exits and ramps onto it from our park-ride lots, but other than that it will be out there adjacent to the traffic.

Mr. **Young.** Whatever they call them, the two-seater automobiles, when they have four people carpooling they just don't work too well on the Shirley Highway. As we try to stagger the hours into the metropolitan downtown areas it would seem to me that maybe after 9 o'clock in the morning or 9:15 you could permit a different type of occupancy in the vehicles.

Mr. **Moreland.** We rejected the Shirley Highway idea for two or three reasons. One, we didn't have that much room. It works well up there with that reversal, but our free-ways are so universally used that we can't do that. We have studied the diamond lanes in California, and we are somewhere in between.

Mr. **Young**. The 21 areas you have indicated are park and ride, is that the whole State?

Mr. **Moreland**. No, sir, that's the metropolitan area of Atlanta.

Mr. **Young**. Just the metropolitan area here?

Mr. **Moreland**. Yes, sir.

Mr. **Young**. In the central business district area you mention a people mover system. Just a little concise statement, what do you mean by that?

Mr. **Moreland**. Well, we meant by that a miniature system. We made a feasibility study to include a sort of a monorail sort system that would operate throughout the downtown area. Congress provided a demonstration program for several cities. We applied and did not receive selection. There is still a thirst from the downtown business group in Atlanta to some extent. We may still try to do it. That's the general idea. We could fill in the gap between the rail stations. People still want to bring their automobiles downtown because we have a concise CBD, but it is still pretty spread out. It's a long way from this complex over to the Civic Center.

Mr. **Young**. So rather than a fixed people mover system, if your DOT could apply for a certain amount of money you maybe could do your own thing better?

Mr. **Moreland**. That's the idea. We now have it of a sort with the MARTA loops. We have two or three loops that simply continuously operate with buses in Atlanta serving a local government complex, a State government complex, a sports complex, a hotel complex, and the convention complex. There's a continual demand for that.

Mr. **Young**. Even a smaller type of vehicle than some of the buses? That would be a potential?

Mr. **Moreland**. We are reevaluating that based on the success of the MARTA loop service. I don't know really what we're going to do.

There must be some way to circulate people in the downtown area once you get them here so they here so they won't bring their automobiles. That's the idea.

Mr. **Young**. One thing that used to aggravate me when I was still in Missouri was the State highway department with all of its individual cars 4, 5, 6, 7, 8 years ago with one person going to the Kirkwood office. Have you got any vanpooling going yourself in the department?

Mr. **Moreland**. Yes; you know, that is the situation. We ought to set the example in government. It is sometimes a stress and strain on our people. Yes, we have that, and we have even proposed it for State government. The first ridesharing program was Capitol Hill. We tried it out on State employees, not only DOT employees but the whole State government. It was quite a success.

Do you know how many carpools or vanpools we have operating, Jim?

Mr. **Stanley**. We have about 38 percent of our people arriving to work in collective transportation of some sort.

Mr. **Young**. In your own DOT?

Mr. **Stanley**. The State government as a whole and not just the DOT. We're all physically——

Mr. **Mineta**. About 30 percent?

Mr. **Stanley**. Thirty-eight percent.

Mr. **Moreland**. We have proposed and are going to try to do it, that the State as an employer guarantee loans on some additional vans. But, we're still uncertain whether that's necessary to get the vans out there or not. We may do that.

I have instituted this year to all our units a minimum reduction in miles driven of 15 percent. I think transportation agencies ought to lead the way.

Mr. **Young**. I assume the legal problems for vanpools and ride sharing are probably similar throughout all the States, and I understand that Dr. Davis will address some of those questions. But I assume you have had some problems with wage and hour laws, insurance, and other questions of legality.

Mr. **Moreland**. Yes; we have had several of those questions. The General Assembly of Georgia has been very responsive about the vanpool program. Just last session they exempted vans up to 15 passengers from regulation. I believe that did include public service regulation insurance, but there is still an insurance problem with the carriers.

Do you wish to comment on that?

Mr. **Stanley**. Yes; there is no common rating as I understand it within the insurance industry, a van operator still has to do a lot of shopping and a lot of negotiating. That's one of the major problems.

Mr. **Moreland**. To answer again, I guess for the third time, the biggest thing we can do to promote it is turn these people loose. I don't mean to let them be irresponsible by any means.

Mr. **Young**. I think all the States ought to look at workmen's compensation laws and things like that, because you can see those kinds of problems.

I don't know. Maryland has started a VanGo——

Mr. **Moreland**. The most successful firm we have is a third-party operator in our State. They provide the van operator with his own transportation. They buy the vehicle and put it out to him and give him a credit card. He's responsible for keeping his van loaded full. I don't know what his relationship is about unemployment compensation. I think they do not have that problem, but I don't know exactly how they manage it.

They make him almost like a cooperative or part of the organization.

Mr. **Young**. These are some of the problems.

Mr. **Moreland**. I'm sure Dr. Davis will address this but when we graduate as hopefully we will on some routes from vanpools to buses, then you get into the whole gamut of regulation, and there must be some freedom from that.

Mr. **Young**. Mr. Moreland, I thank you very much.

Mr. Chairman, at this point in the record I would like to insert some research my office has done on ridesharing, vanpooling, and carpooling, if there is no objection.

Mr. **Mineta**. There is no objection.

[The following was received for the record:]

Submission by Congressman Robert A. Young of Missouri:

In recent years, carpooling and vanpooling have become appealing alternatives to regular auto transportation. However, there are several significant barriers to developing ridesharing arrangements. The problems may be discussed in terms of three major categories. The first is vehicle acquisition, the second is organizing the system, i.e., selecting participants and routes, and third is a variety of legal problems. Before outlining some of the specific problems with carpools and vanpools, it might be helpful to relate some of the agencies of government which do, or may, regulate carpools and vanpools.

There are three agencies of the federal government which could potentially regulate vanpools, the Interstate Commerce Commission, the Department of Transportation, and the Treasury Department's Internal Revenue Service. Any potential jurisdiction over vanpooling which the ICC may have has been eliminated by the Surface Transportation Act of 1978, Public Law 95-599. That law specifically says that regulation type vans carrying up to fifteen persons in a single daily round trip for the purpose of commuting to and from work is not subject to ICC regulation. The Department of Transportation's National Highway Traffic Safety Administration does have jurisdiction, but it imposes no regulations on vanpooling as such. This agency is involved in research and highway safety planning. Finally, the Internal Revenue Service has jurisdiction over tax collections for any enterprise that is profit making.

In Missouri, the Public Service Commission has traditionally had authority under Chapter 390.000 RSMo., to regulate vanpools, but they have apparently not exercised such authority. In any case, recent legislation has substantially exempted vanpools from regulation by the Public Service Commission. This means that vanpools are basically subject to the same laws as the operator of any private motor vehicle.

In relation to acquisition of the vehicle, there is some federal financial assistance available. There are four major federal aid highway funding sources that can be used to finance transportation system management improvements, depending on the type and location of the project. Federal-aid Interstate; Federal-aid Primary; Federal-aid Secondary; Federal-aid Urban.

In general, projects are funded at a 90 percent federal share when benefitting the interstate system and a 75 percent federal share when benefitting the Primary, Secondary and Urban systems. Federal-aid Primary, Secondary and Urban system funds can be used for a wide range of activities to encourage and promote carpooling and vanpooling.

Although organization of a ridesharing arrangement is basically within the discretion of private parties, federal financial aid is available to meet the expense of implementation.

Since organized carpooling and vanpooling is relatively new, various legal issues have surfaced relating primarily to financial obligations to which an employer may be subject. To encourage employer involvement in carpooling and vanpooling, particularly in the early stages of development, it would be helpful if state laws were to define and limit an employer's financial obligations when participating in ridesharing arrangements. One particular barrier to developing a vanpool is state motor carrier regulations. Many states regulate vanpools similar to the way they regulate other forms of public transportation. This means that a vanpool comes under the direct control of a regulatory agency such as the Public Service Commission in Missouri. Missouri, however, has recently granted a partial exemption from public regulation to vanpools and carpools. The State of Georgia has provided one of the most complete exemptions from public regulation of any state. Regulation of vanpools by a regulatory agency is a hindrance to successful vanpooling, and exemptions from such regulation, as offered by the State of Georgia, should be encouraged.

The cost and availability of insurance is another impediment to successful vanpooling. Insurance laws in every state are different, and these laws have different impacts on vanpooling. Missouri requires no mandatory insurance. Rather, Missouri only requires an assurance of financial responsibility. In addition, in most cases Missouri places a limit on the liability. Most large companies and many small companies should be able to meet the requirements of financial responsibility. This should be appealing to companies interested in vanpooling. Georgia, on the other hand, does require all registered motor vehicles to carry insurance. Compulsory insurance requirements should not pose a significant burden because regardless of whether or not insurance is mandatory, most companies who would participate in vanpooling would want insurance anyway.

A more important question is the availability and cost of insurance. There is no easy solution to these two problems. For the immediate future, the cost of insurance is goin to be high. One way to reduce the expense of insurance is to limit the situations in which an employer may be held liable. Employers should only be liable when they actually own the vehicle used in ridesharing arrangements, and not when they merely help organize and promote ridesharing. Any other limit on employer liability should, of course, reduce insurance costs.

Besides these problems, many states place additional licensing and safety requirements on vanpools. If a ridesharing vehicle is subject to licensing fees or increased taxes this imposes an unappealing burden on ridesharing. Likewise, if carpools and vanpools are subject to a greater standard of care or greater safety requirements, it becomes just that much more difficult to orginize ridesharing activities.

Another financial barrier to ridesharing arrangements is the question of whether or not an employer who sponsors a ridesharing arrangement is subjecting himself to greater obligations under the Fair Labor Standards Act. It is possible for a state to construe, under certain circumstances, driving time to be compensable work time under the FLSA. This could happen in Missouri since Missouri has not acted to remove driving time from the category of compensable work time.

Georgia, on the other hand, has administratively exempted driving time from compensable work time. Also, like the FLSA, workmen's compensation laws may also impose a financial burden on employers who get involved in ridesharing arrangements. It would seem unfair for an employer who merely promotes carpooling to be subject to workmen's compensation in case of injury to an employee. This could discourage any level of employer involvement in ridesharing. For this reason, employers' liability for workmen's compensation should be limited.

To clarify state law on vanpooling and carpooling, and to remove some of the barriers to organizing ridesharing arrangements, the Department of Transportation has developed model legislation.

Mr. **Mineta**. Mr. Moreland, very briefly would you expand on problems that you're running into with the funds that are administered by FHWA trying to use UMTA regulations. What kinds of unnecessary complications you say have been created.

Mr. **Moreland**. If I may, Mr. Chairman, I would like to ask Mr. Stanley to respond to that.

Mr. **Stanley**. Since it relates to the section 18 program and these moneys have origin under the title 49 as section 3 moneys, FHWA has been charged with administering the program in the field on a daily basis. However, once these programs do reach the FHWA division regional office they apparently have to be shuffled over to UMTA, and UMTA treats them in accordance with the UMTA act. So we are really trying to comply with the administrative procedures of the Federal Highway Administration as well the statutory requirements of UMTA. It serves to delay the program and I think introduces complexities that weren't intended initially.

Mr. **Mineta**. Mr. Gingrich.

Mr. **Gingrich**. A couple of quick questions if I could.

First of all, do you have any systematic program for reviewing innovations around the country? Do you know of any sort of gathering and disseminating center that's doing that for all these various transportation innovations?

Mr. **Moreland**. The Transportation Research Board is not a governmental organization as such, but it does that and should do that. We as a State department of transportation support that body, and they have taken it as a pretty substantial task. I think they are doing a pretty fair job with it, and we users perhaps don't call them as much as we should. The Tranportation Research Board has the particular ability to do that task.

Mr. **Gingrich**. There is a real conflict between government planning and mutual incremental change. On the one hand we're trying to design massive systems for the next century. On the other hand we're trying to sit back so we can see what works and what doesn't. How do you weigh the balance between those two, between plans which require that there somehow be balanced resources or resources pushed into them, and at the same time trying to promote incremental change?

Mr. **Moreland**. I think we have been uncannily lucky, we have done very well. We've got to resist fads that may have certain appeal. I think we're doing pretty well, Congressman. We may have done some things that will have to be undone; that's my concern, for example, with the railroads, the additional abandonment of railroads economically healthy.

We will cut off a carrier between Moultrie and Pavo, Ga., and that will throw two or three heavy industrial users onto the highway and that's more energy inefficient. It's just hard to keep up with all of it. We have a built-in conflict.

The Federal Railroad Administration said a goal was to cut down the scope of railroad planning in the United States, and I said, "You know, that might not be true throughout the country." In the South some people will say it's because we've got excessive rates, and I don't know about that. In any event, our railroads are economically pretty healthy, and as a transportation person I just get excited about seeing this casting away of a blue chip. A piece of rail out there is a blue chip on which to haul freight.

Those are maybe the rough points, but I think we have done pretty well.

Mr. **Gingrich**. Along that line, do you feel that there is any danger that we in the Federal Government tend to focus too, heavily on human travel and not on enough cargo? I believe you mentioned earlier, should there be more concern about how we, for example, measure total gallons used in moving cargo that could be moved by rail?

Mr. **Moreland**. I think there should be more focus for all of us on that. There's a lot of energy to be saved.

Mr. **Gingrich**. One last question. I have a concern which was somewhat expanded yesterday in talking with Mr. Kiepper. If we would really go to a dramatic shortfall in gasoline, should we right now be doing more civil-defense-type planning in terms of looking at the options that would be available to us in a real crunch, or is it, better to wait as long as possible until we see more function?

Mr. **Moreland**. I guess my best answer to that is I have asked our planners what would we do to keep Georgia mobile if we have to operate on domestic oil only, and certainly we ought to have plans for such a contingency.

You and I had a conversation earlier on a drastic cutback, what the situation would be. It would be tough. We would lose all these conveniences that we talked about. If the people would be willing to give them up, I don't know. I think that we ought to have some contingencies.

Mr. **Gingrich**. Do you think we should plan more coherently for that than we are now?

Mr. **Moreland**. Yes; I think we ought to plan more for it.

Mr. **Gingrich**. Thank you.

Mr. **Mineta**. Mr. Moreland and Mr. Stanley, thank you very much for your statement this morning. We appreciate your enlightening the committee on so many very important subjects.

Mr. **Mineta**. At this time, I would like to ask Mr. James C. Echols, the exceutive director of the Tidewater Transportation District of Norfolk, Va., to come forward.

Mr. Echols, please proceed.

TESTIMONY OF JAMES C. ECHOLS, EXECUTIVE DIRECTOR, TIDEWATER TRANSPORTATION DISTRICT COMMISSION, NORFOLK, VA.

Mr. **Echols**. Thank you very much, Mr. Chairman.

It is a real privilege for me to be here today.

The Tidewater Transportation District Commission—TTDC—is taking several different approaches to the provision of public transportation services in southeastern Virginia. Serving the five cities of Norfolk, Portsmouth, Virginia Beach, Chesapeake, and Suffolk, TTDC's service area covers 670 square miles with a population of 760,000 people. The diverse nature of both the area and the population makes it desirable to use both conventional and innovative public transportation services.

TTDC operates fixed route bus transit in those portions of its service area where it is economically feasible. These routes range from a short, one-half mile long, parking lot shuttle route to the 24-mile long Virginia Beach Boulevard route. In 1979, TTDC utilized a fleet of 175 transit buses to carry a total of 12.4 million passengers on its 46 routes. Both local and express services are operated.

TTDC has busmeisters on its regular route services. Busmeisters are regular bus riders who formally report on day-to-day problems to TTDC in return for a free ride. They have helped prevent small problems from becoming big ones.

TTDC sells monthly passes, priced at a 20-percent discount under regular commuting costs. These are unlimited-use passes, and are sold in several zone denominations through outlets and the mail using postage paid envelopes available on the bus.

In 1977 TTDC, in cooperation with military bases in the area, began a 2-year vanpool demonstration project. Funded by UMTA, this 50 van program was designed to provide an alternative to solo commuting to the employees of the area's seven major naval installations. By September 1979, the program had all 50 vanpools in operation, carrying over 550 commuters to and from work daily.

The commission has expanded the vanpool project to all employers in Tidewater and is using private local financing to purchase more vans. Thirty 15-passenger vans have been purchased and leased as part of the expansion of the program. Thirty additional vans, some being 10-passenger models, are now being acquired. Vanpools complement bus service by providing a low-cost alternative for long-distance trips from neighborhoods of low density and to outlying employment centers. TTDC recovered full operating and capital cost from vanpool lessees so that government subsidies are not required for this commuting service.

Another program the commission is pursuing is that of providing capital assistance to private commuter bus operators. These private operators have long provided a much needed service for area commuters. Many of them can trace their origins back to the gasoline rationing days of World War II.

The commission is currently making eight new, light duty buses available to a private operator through a lease/purchase plan, financed 100 percent through a local bank and using no public funds. At the end of a 7-year lease period, the private operator will have the option of purchasing the vehicle for $1. TTDC has on order two medium-sized private buses for another private operator, and will aid other operators when requested. Again, these services are done without Federal funding for either capital or operating costs.

TTDC is the centralized provider of transportation for the clients of many social service organizations serving the elderly and handicapped in the Tidewater area. TTDC's special transportation services—STS—division, operating out of a base facility separate from the transit operating facility, handles all requests for transportation for the elderly and handicapped.

It also performs all maintenance on special service vehicles including vanpools, which range in type from lift-equipped vans to a full size transit bus and on vehicles owned and operated by social service organizations. More than 100 vans and small buses used for special transportation services are now being maintained and/or operated by TRT.

TTDC has implemented shared-ride taxi service in low-density residential areas where fixed route bus service has proved to be inappropriate and too costly. Currently, shared-ride taxi service is provided between the Deep Creek area of Chesapeake and the end of a fixed route bus service in Portsmouth, and has another service point at the Tower Mall Shopping Center in Portsmouth. This is a telephone request or prescheduled trip, and costs $1 per one-way trip, which cost includes a transfer ticket to the bus system.

Other low density residential areas are being analyzed for application of this type of service.

In addition to these services, the commission is also involved in other programs aimed at increasing the number of shared rides being taken in Tidewater. TTDC's Information Center provides not only bus transit information, but also information on vanpools, carpools, and the routes and schedules of private bus operators. TTDC heavily promotes ride sharing with advertising and other marketing tools. The concept of sales has been initiated with the addition of transportation service representatives who assist local employers in setting up ride-sharing programs for their employees.

We have reached our current state of transit service development after observing several phenomena:

First, continued low density residential development on the fringe of the existing urbanized area and continued dispersal of employment locations from the old downtown areas into new low-density industrial parks. This is occurring even in the face of rapidly increasing fuel costs and threatened shortages, and more than 5 years after the oil embargo.

Second, fixed route transit services are not appropriate to the low demand levels of this type of development.

Third, the costs of fixed route bus services are increasing so fast that they are becoming too expensive for city governments, which are strapped for funds to provide existing levels of service.

Fourth, it is reasonable to expect that land developments over the near term will continue to be low density and that the transportation system required to serve this development must be able to provide for low-density movements in a cost effective way.

Reflecting on the potential development of the public transportation service program in our area, we are guided by several principles:

First, fixed route bus services are inappropriate for the low-density demand level and too costly to provide in nearly all of the developing residential areas in the area.

Second, commuter transportation must be geared to low-volume movements, providing quality service somewhat comparable to the automobile and can be priced high enough to support themselves.

Third, in addition to carrying the peak commuter load in nonfixed route services, many other travel demands can be met through ridesharing such as carpooling, vanpooling, and shared-ride taxi for midday trips, elderly and handicapped citizens, et cetera.

In essence, we believe that the service to be provided should respond to the market for group riding and should recover most of its costs. Otherwise, we question desirability of adding services that will not recover their cost in the marketplace.

Concerning the applicability and general utilization of this type service program, there are many impediments that need to be considered, and with which we have some experience.

It represents a change in the status quo and therefore generates reaction from most existing providers of transportation service.

It is not within the current framework of transit union experience and is generally resisted because its results are unknown and it is perceived to threaten job security and stability.

It requires a large amount of managerial insight, initiative and energy since most things will be done for the first time; will need substantial revision between concept and implementation; and will not be clearly understood by authorities which provide financial support. These impediments make contemplation of Federal funding support appear slim primarily due to 13(c) requirements, but also because they will require extra administrative effort because they are different.

We believe there is a high potential for payoff in sharing peak demands with nonfixed route services and in providing a wide range of ridesharing service for other transportation needs.

Mr. **Mineta**. Thank you very much, Mr. Echols.

These leases of the vans that you refer to, how long are they for?

Mr. **Echols**. They have a nominal period of 1 year, but they can be canceled on 30 days' notice in case something happens with the lessee.

Mr. **Mineta**. And how long are those vans usually in service? How do you replace them at the end of the lease period or whatever life period it might be?

Mr. **Echols**. We are now acquiring them in increments of about 15 at a time. We are currently leasing between five and eight vans per month. We anticipate a useful life of 4 years, at which time the van should have a value of approximately 30 percent of its purchase price. So our leasing price to an individual is based on 48 payments of two-thirds of the purchase price. Then we put those lease payments, those monthly payments into a sinking fund and will replace that van with that money at replacement time. We offer you a vehicle that may be a day old, or it could be a year old, could be several years old. We'll offer you a vehicle on, in effect, a month-to-month lease for your commuting purposes.

Mr. **Mineta**. Do you do that through the companies, or do you do that as advertising by your own transportation district, or——

Mr. **Echols**. Our method of operation currently is to go to an employer, to solicit expressions of interest from the employer, and then have one of our sales representatives go in and talk to the highest level of management that we can get in to, talk to them in terms of a program, a ride-sharing program. Maybe bus service is what they need, or maybe a subscription bus, or maybe vans, or maybe carpools.

We ask that they do the surveys of their employees to determine matching in hours and home locations. Our belief is that unless the employer is involved that the program will rapidly dissipate and fail, so we do not provide the centralized matching of names and addresses. But we do require that each company that participates with us do that function.

That has worked very well with some of our larger employers; they are very interested, very active, they do this as a potential fringe benefit for their employees; it eases some corporate problems of tardiness and other sorts of things.

Our employers range anywhere from 1,000 or 2,000 employees up to our larger ones of 25,000 and 30,000. They have actively supported the program and have done the matching of their employees internally, so we don't have a central file of matching. It's employer-based.

Mr. **Mineta**. Tell me about these light duty buses that you are making available to private operators. Where are those services provided?

Mr. **Echols**. We have a long history in our area, dating back to World War II I think, of where to get enough employees to perform some functions in the shipyards. People grouped together to commute back and forth every day, and they generally bought old, obsolete Greyhound or over-the-road type coaches, or old schoolbuses. Over the last 10 or 15 years there were declines in ridership, continued deterioration of equipment and all like that, and we approached them as part of our ridesharing program, "Is there anything we can do to help you?"

Their reaction was predictable. When we showed up and told them, you know, "We're from the government, we're here to help you," they didn't want to have any part of anything we were doing, especially since last contact they had with any public transportation authority was the authority's attempt to run them out of business in the first place. So they were very skeptical of giving us any information on what they did, how they did it, and why they did it; however, they continued to lose ridership, and one or two more enlightened souls among that group asked us if we would help them acquire some buses. He, in effect, wanted a new schoolbus kind of bus, but with an interior that had a radio and high-back seats, a commuting kind of vehicle but with an interior somewhat different.

we helped him draw up a set of specifications, we went to bid, bought the buses to his specification, and then we went to the bank and borrowed the money to buy them. We leased them to him for a period of 7 years in this case. At the end of 7 years he will have fully paid the purchase price of the buses and the interest charges, and we will in effect sell him the bus for $1.

The incentives to him to do this are that the equipment is in the transportation district's name now, and consequently licensing and personal property taxes and all like that are not paid, so he does save some money by foregoing the tax.

It turns out at the time he bought buses he was operating like five buses. He bought eight, and he was very nervous the first 6 months or so because he had this expense without income. Now he's got all eight leased, and he's asking us, "I need two or three more tomorrow, what can you do for me?"

But it's a very effective program, and other people have now seen it work and are coming to us and asking us to buy equipment to their specifications, and we have offered to do that for all private haulers in our metropolitan area.

Mr. **Mineta**. How many passengers are those buses?

Mr. **Echols**. There are 47 seats I believe, 44 to 47 seats.

Mr. **Mineta**. You say you have leased an additional—the same operator has come back and asked for medium sized vehicles of how many seats?

Mr. **Echols**. That would be like a 30-passenger bus, something like that.

Mr. **Mineta**. You point out a dilemma that I think is universal, and that's this whole issue of low density residential development and the sprawl. Given that sprawl it makes it hard to get concentrations in movement of people. How do you minimize whatever cost it may be to the transit district or the city that operates it? What function does the transportation district play in working with other planning or zoning agencies to sort of minimize that kind of sprawling out?

Mr. **Echols**. The transportation district is a member of and participant in the metropolitan planning organization for our area, which is part of the comprehensive coordinated transportation planning program. I would have to say, though, that public transportation service is not a consideration in land development in our area. I'm not sure that highway transportation is a consideration in land development in our area. The pressures for development seem to be so complex that, you know, we haven't had any noticeable success in organizing that land for transportation efficiency. I assume it's organized fairly well for financial efficiency or other kinds of efficiencies, but it's not well organized for transportation efficiency.

Mr. **Mineta**. In the environmental impact statement that most developments have to have to get their zoning, is that a consideration that is an integral part of that environmental impact statement.

Mr. **Echols**. I'm not familiar with that, sir.

Mr. MINETA. In the fixed route bus system, what has been your experience as far as the percentage of operating costs that are captured out of the fare box?

Mr. ECHOLS. We are currently getting about 43 percent of our operating costs recovered through the fare box. Our Commission has adopted the policy that in the near term 50 percent of the operating costs should be recovered through the fare box. Consequently, we are having fare increases each year in our system; it's a systematic, prescheduled type of thing. We increase zone fares, we're adding express bus surcharges, we're increasing our base fare on a pretty consistent basis over the next several years.

Mr. MINETA. So your fare is what, then?

Mr. ECHOLS. Our base fare is 40 cents. We have a zone system where when you travel like 4 or 5 miles and you have to pay another charge. Those zone charges were just increased to 15 cents a zone this week, January 1.

Mr. MINETA. The express service?

Mr. ECHOLS. We have a 5-cent surcharge on all express service, which was just added the first of the year also.

Mr. MINETA. When was this raised to 40 cents?

Mr. ECHOLS. Last year. Our basic fare went from 35 cents to 40 cents last year.

Mr. MINETA. When was the previous increase?

Mr. ECHOLS. Probably 3 years before that.

Mr. MINETA. Have you seen any dropoff in that ridership as a result of the fare increases?

Mr. ECHOLS. We had a great deal of trepidation about raising our fares the last two times. We have discovered, though, that the increase in the base fare last year from 35 to 40 cents resulted in increased revenue as if the ridership has continued without the fare increase. That is, we had the additional revenue based on ridership growth. I don't think those elasticities of ridership loss due to fares exist in our area any more.

This year we don't have any experience—we're going to put the increase in. Most of our new ridership and all of our new services have been from residential areas to the region of the downtown core. By increasing the zone fare—some of those people live three and four zones away, and also that's where we operate our express buses—those people just experienced a fare increase of 25 cents per trip. My observation on that is that the ridership is the same.

You can avoid some of that by buying a monthly pass and getting a little discount on a monthly pass.

Mr. MINETA. Do any employers take advantage of your 20-percent discount for their employees?

Mr. ECHOLS. We don't have any examples where an employer himself bought passes and distributed them. Through our ridersharing at the agency though, again, they are quite active in promoting bus services and, of course, pass sales are part of that activity.

Mr. MINETA. Thank you. Mr. Gingrich.

Mr. GINGRICH. Thank you very much for coming, Mr. Echols. This is a very informative presentation on your part, and your district has an unusually long experience in some of these things.

Do you think the experience of your community over the years has led to a greater acceptance of public transportation or a greater awareness of it than other communities? Is there any kind of relationship there?

Mr. ECHOLS. I don't believe so. We have a lot of blue collar workers because we have many industrial functions in our area, and those are the people for whom use of public transportation is highest. They do have a long history at the naval shipyards and the naval air rework facility and things of that nature.

But that ridership was declining steadily up until this gas price problem. All of our increase in ridership is primarily from new riders, so I don't think we are much different. We are probably different in having the private sector involvement in commuter transportation, but not in the amount of ridership.

Our ridership, looking at the total transportation picture, is around 5 to 10 percent of all the work trips by public transportation. Everything else is by automobile.

Mr. GINGRICH. So you are comparable to MARTA. I think it is 8 percent of the Atlanta——

Mr. ECHOLS. I think that is very close to a universal constant.

Mr. GINGRICH. Do your new riders come in during peak periods, or are they coming in other parts of the day?

Mr. ECHOLS. Primarily the peak periods.

Mr. GINGRICH. So it's still a going-to-work type of thing?

Mr. ECHOLS. Yes.

Mr. GINGRICH. How much does your monthly pass cost?

Mr. ECHOLS. We take 22 work days, for example, times the fare, or 44 trips times the average fare, and then take a 20-percent discount from that.

We have different zones, we have different passes because our minimum pass may be $14 and our maximum pass is $31.

Mr. GINGRICH. In your judgment, would there be any advantage in a tax credit for the purchase of those types of passes so the worker could take it off at the year as a——

Mr. ECHOLS. At $30 a month commuting cost compared to any alternative, and that's our most expensive pass and you get express rides for that, you know, travel by automobile is what, $150 a month. I don't know that that incentive—I'm sure it would be helpful. I don't think it's going to make too many decisions on whether you ride public transportation.

Mr. GINGRICH. In your van leasing system, do you have any insurance problems?

Mr. ECHOLS. We acquire the insurance as a public transportation authority and, consequently, we have some fairly stringent screening of our drivers; they have to be a certain age, a certain driving record and things of that nature. We do not have a problem in acquiring it, and we have very high limits on ours, so I'll say we do not have a problem.

Mr. GINGRICH. You said that you recover full operating costs. Does that mean the local companies, the various local companies, are reimbursing you? Where is this coming from?

Mr. ECHOLS. The individual reimburses us.

Mr. GINGRICH. They are literally paying for the total cost except what you get back from selling the used vans?

Mr. ECHOLS. Correct. We will tell him how much the suggested price for him is, and we will take the monthly lease and the monthly insurance cost and the monthly operating cost based on how many miles are to be traveled—that may come out to be for a van, say, a total of $320 may be the monthly payment. If he carries eight riders, he should charge them $40 apiece per month, then he can ride free and they pay for the van.

Mr. MINETA. When that driver—let's say he has his annual vacation—what happens during that 2- or 3-week period?

Mr. ECHOLS. He has to have a backup driver for vacations, sick leave and other things.

Mr. MINETA. Do you have limitations on the ability of that person to use the van for their own personal purposes other than the time that it's available for this commute?

Mr. ECHOLS. No. We allow and encourage other use, and use it as a second car in effect. He's allowed to travel within a 100-mile radius of our metropolitan area on weekends. He can have his wife qualified to be a driver, and then she can drive the van to the store and other places like that, and we only charge him the mileage charge which is, say, 4 cents a mile for use of that vehicle for noncommuting purposes.

Mr. MINETA. If they decide to go on a vacation in excess of the 100 miles, just for a weekend let's say, not a vacation since the car would be used for the commuter purpose for the backup driver, let's say they wanted to use the car on the weekend for their own personal purpose but it's going to go beyond the 100-mile limit. Is there a provision for that?

Mr. ECHOLS. No; we do not have a provision for that.

Mr. GINGRICH. The only thing the driver gets right now is that he has free use and free transportation?

Mr. ECHOLS. He gets free commuting transportation and could get a payment if he exceeded the 9th or 10th rider. He has an incentive to get another one or two in there.

Mr. GINGRICH. You describe the local taxi system or the shared ride taxi services. Does the strike you as the wave of the future in terms of rural transportation or rural public transportation? It is working well enough for you to feel comfortable that's going to be the way to go?

Mr. ECHOLS. We had a bus route, fixed route that operated through a very low density area, more rural than suburban. We were carrying about 50 people a day on that bus route at a subsidy of $5 per passenger, for example. We replaced that with this taxicab service, we are now carrying 30 to 40 people a day, and we have cut the total funds required in half. Some people did not make the trip that they formerly made, that is, they're making it by other means, probably by riding with their neighbor, but also the cost per passenger was cut in half and the deficit was cut in more than half by substituting these kinds of services. So, yes, I think there is application for that in low density areas.

Mr. GINGRICH. Back to the van system for a second. It's paying for itself. What is the critical path in the growth of that system? Is it finding new riders, buying more vans, getting drivers or what?

Mr. ECHOLS. We have a line of credit with some of our banks so that we don't foresee a limit. We don't know the limit right now.

We have an objective of leasing at least 50 vans a year; we are now slightly ahead of the rate.

Mr. GINGRICH. Does that leave you a total of 200 in the pool, then, every fourth year or adding 50 to the existing——

Mr. ECHOLS. Adding 50 to the existing. We see the potential of maybe a thousand vans in our metropolitan area.

Mr. GINGRICH. Is the critical path of going 50 a year—it would take you 20 years—is that management, that you can't manage more than 50 additional vans a year?

Mr. ECHOLS. We are basing it on current experience. We have been at it now for about 2 years. Our current rate has been 3 or 4 a year; maybe if that rate gets up to 7 or 8 a year we'll raise our sights to 100 a year rather than 50 a year.

Mr. GINGRICH. Are you able to use UMTA funds to finance any of that?

Mr. ECHOLS. We had a demonstration project for the first 50 vans. We have not tried to get UMTA funds for the remainder because of Labor Department clearances and things of that nature.

Mr. GINGRICH. One last question. How much short-term increase in ridership could your system accommodate if we had a real problem in gasoline supply?

Mr. ECHOLS. We are probably operating about 80 percent of our capacity right now in peak hours. So we could take an increase. But let me remind you we're carrying say 5 percent of the commuting load. A 1-percent shift in the commuting load from 95 to 94 would increase us from 5 to 6 percent and that is a 20-percent increase in public transportation ridership. We can take the first 1-percent shift; the second 1-percent shift we couldn't take.

Mr. GINGRICH. If we had for foreign policy reasons a 30-percent shortfall in gasoline in this country, are there any plans made in your area for what you would do?

Mr. ECHOLS. Yes.

Mr. GINGRICH. What would happen?

Mr. ECHOLS. Promote carpooling to the maximum feasible extent and try to expand vanpooling and private hauls.

Mr. GINGRICH. How close do you think you could come to taking care of transportation needs?

Mr. ECHOLS. In our community, and I think throughout the country, there's what, 100 million automobiles now registered, and that's at least 400 million seats available. Since there's only 200 million people there's plenty of seats available in any direction at any time of day. Now, getting the people in those automobile seats—if you're talking about an absolute emergency crisis——

Mr. GINGRICH. Let's say some kind of determination like that was made, and I'm suggesting in the world of the ayatollah and Afghanistan things sometimes happen with amazing speed.

Mr. ECHOLS. Yes; there is adequate transportation capacity to meet that need.

Mr. GINGRICH. Is the problem then one of coordination of paratransit type approaches, or would you rely on the voluntary will of citizens in a crisis?

In other words, if you had 30 percent less gasoline available March 1 in your area, how do you coordinate so that people don't respond by simply not traveling?

Mr. ECHOLS. I think people would travel. If that happened to me as an individual, what would I do? If I couldn't drive my car, what would I do?

Well, the first thing I'm going to do is try to see if I can get a ride with my neighbor. If that doesn't work, I'm going to go another block and see if I can find somebody. You know, we cannot expand the public transportation system by 50 percent in a year. I don't believe we could do it in 2 years.

Mr. GINGRICH. In your judgment, is enough planning being done by State departments of transportation, by the U.S. Department of Transportation to be ready to facilitate the emergency voluntary cooperation in the event of a really dramatic—I'm using 30 percent as a figure which would be not all the gasoline we import, but most of it?

Mr. ECHOLS. I think the options on a transportation system are so small in that event that only through increased ridesharing in automobiles is it going to come about. I think there is recognition of that, and I don't know that the various modes, as Mr. Moreland says our bureaucratic infighting, would allow us to do that gracefully. Give us a week or two and I think we could.

Mr. GINGRICH. Thank you very much.

Mr. Chairman, I'm going to have to leave, but I want to commend you and the subcommittee for both the quality of the witnesses we have had so far and for undertaking hearings on this very, very important part of the American transportation system. Thank you.

Mr. MINETA. Thank you very much, Mr. Gingrich, for your participation not only in these hearings but in the work of our full committee as well as this subcommittee. Thank you very much for your hospitality as well.

Let me just ask one question on the vanpooling. Do they have preferential parking at whatever place of business the driver might be?

Mr. ECHOLS. They generally do, yes, sir. The companies have followed through and allowed that.

Mr. MINETA. Mr. Young.

Mr. YOUNG. Mr. Echols, this is a very fine statement, very precise and concise, and I really appreciate it. I have gotten a lot out of it this morning.

One question. In your district what is the method of financing a sales tax?

Mr. ECHOLS. We do not have a prescribed source of financing; we have State aid from our department of transportation, and the localities make contributions based on the amount of services they receive.

Mr. YOUNG. All voluntary?

Mr. ECHOLS. Yes.

Mr. YOUNG. What has been your ridership experience in recent years, and what percentage increase have you had in the last 2 or 3 years?

Mr. ECHOLS. Our ridership declined annually up until about 1976, and in 1976 it then bottomed out. The last couple of years we have had increases of about 5 percent and then 10 percent. Currently we are running at about 10- or 15-percent increase.

Mr. **Young**. From 1976 you have had how much of a percentage increase would you guess—from 1976 to 1979?

Mr. **Echols**. I would say 15- to 20-percent increase in that period.

Mr. **Young**. Thank you very much.

Mr. **Mineta**. Mr. Stangeland.

Mr. **Stangeland**. Thank you, Mr. Chairman.

Mr. Echols, did I understand you to state that your goal was a thousand vans down the line?

Mr. **Echols**. We will let the market determine that. As far as our program, we think that a thousand vans would be somewhere between a 10- and 15-percent shift in commuting habits in our metropolitan area. We think that is a reasonable objective. We think we can attain that over some period of years.

Mr. **Stangeland**. How many employers presently are participating in the vanpooling program?

Mr. **Echols**. Using employment data we have chosen the 100 top employers in our area, which gets down to some pretty small firms. But we're going to three or four or five every couple of months. We contact them and begin a series of briefings, slide shows, tapes, information dissemination, start surveys of employees to find out who might benefit by ridesharing.

Mr. **Stangeland**. We had legislation in the last session dealing with vanpooling as part of the President's energy proposal. It received what you might call short shrift in the end. Is there a role for the Government to play to assist you in increasing the amount of vanpooling that's being done?

Mr. **Echols**. Well, our State, as has Georgia, has taken several actions to remove State restrictions on vanpooling. I think any restrictions that are imposed at the Federal level, including concerns over things like workmen's compensation and those things, if they are the result of Federal legislation, removing them would be very helpful.

Mr. **Stangeland**. Just one last question, and I commend you for an excellent statement.

Will the Department of Transportation regulations requiring full accessability for the handicapped affect the service you are now providing? How is that going to impact on your service?

Mr. **Echols**. That's one reason we are pursuing as aggressively as we can private financing for vans, commuter buses, and all like that. Those regulations do not apply under those circumstances. The regulations would be totally inappropriate for the kinds of service we are trying to provide, and unnecessary and, consequently, we are shifting as much as we can from Federal aid for our programs into non-Federal aid for our programs because of those kinds of restrictions.

Mr. **Stangeland**. Thank you, Mr. Chairman.

Mr. **Mineta**. Mr. Echols, you refer to the fact that you service an area of roughly 670 square miles with a population of 760,000 people. You have 175 buses in your fleet on 46 routes carrying a total of 12.4 million passengers. Do you mean passenger miles?

Mr. **Echols**. Per year, passengers per year.

Mr. **Mineta**. 12.4 million passengers per year?

Mr. **Echols**. Yes. That's about 45,000 riders a day.

Mr. **Mineta**. That's a pretty high utilization rate, isn't it, given the equipment, the number of pieces of equipment?

Mr. **Echols**. We have tried to shave that thing down to where only those——

Mr. **Mineta**. What kind of head time do you have?

Mr. **Echols**. It varies greatly. Our bigger, heavier duty routes may have 10 minute headways. Our lowest routes are an hour. Some of them are longer than an hour in places.

Mr. **Mineta**. So between your fixed bus routes, your vanpools, your private commuter bus services, your special elderly and handicapped, your shared ride taxis—do you feel you have pretty good coverage of the area?

Mr. **Echols**. I think we have the tools that we need to apply in each of the service markets or demand areas in our metropolitan area.

Mr. **Mineta**. What would you say the unmet service needs in the area might be?

Mr. **Echols**. We are kind of struggling with this low density thing. We know there are elderly people in our area, for example, who are fairly isolated. Even though they live in suburban areas. There is just no transit system that we're operating that would allow those people to go out during the day. That kind of service where non-auto-driving persons live in single family residential areas, is a real challenge to provide transportation for.

It's not a commuting trip, so we're not focusing on it; it may not be eligible for some of the aid programs through the social service organizations. That is a potential need. The market hasn't been big enough for us to get into it yet we haven't received that many requests or complaints for it—but we're not serving it.

The low density trips, the kind of development below single family residential development, I don't know of anything we can do there other than ask you to call in a day or two ahead and we'll try to send somebody out to pick you up.

Mr. **Mineta**. Most of the things you are doing are really done with non-Federal help except for your fixed route bus system?

Mr. **Echols**. Yes.

Mr. **Mineta**. There you get section 3 and section 5 grants?

Mr. **Echols**. And operating assistance for our fixed route buses.

Mr. **Mineta**. Under section 5.

Then you also have some commuter services and administrative services for your elderly?

Mr. **Echols**. Yes; many of these assistance programs where transportation is an element; that money is not allocated to us, but the organizations that it's allocated to contracts with us to provide the service. So in effect we're centralizing many of these diverse programs.

That is a real problem in our State. Our State legislature is very much concerned that it continues to appropriate money under each of its programs with transportation being an element. There is no real knowledge on whether those dollars are being efficiently administered.

Mr. **Mineta**. As I understand it, Governor Dalton has spoken of the possibility, or I guess he's going to request the State Legislature in Virginia to increase the gas tax by so many cents per gallon ostensibly to use the money in the northern Virginia area for support of Metro. I would assume then that the balance of the State would be able to use it for either highway or for these kinds of mass transit programs. Have you any reaction to what he's proposing so far?

Mr. ECHOLS. My knowledge of his current proposal is a sales tax on gasoline in addition to the gallonage tax we now have, and a portion of those funds to be used for public transportation services, so we are appreciative of that. I think at least 75 to 80 percent of the money will go to the highway program, or some portion of it would go for public transportation.

Mr. MINETA. Should we require, if it's to be used for highway purposes, an alternatives analysis as we do require from UMTA on mass transit programs, an analysis of alternative solutions to a given problem, whether or not maybe highway is the best route to go?

Mr. ECHOLS. The concept is very appealing, Mr. Chairman. I'm not sure when that gets through the regulations and gets down to an actual set of things to do, I'm not sure the result would be beneficial, but the concept is certainly appealing.

Mr. MINETA. Thank you.

Mr. Young?

Mr. YOUNG. No more questions, Mr. Chairman.

Mr. MINETA. Mr. Echols, thank you very much for your fine testimony. As I stated earlier, if you should see the former mayor of Norfolk, Mr. Martin, please extend to him my personal regards.

TESTIMONY OF FRANK W. DAVIS, JR., PROFESSOR OF TRANSPORTATION, UNIVERSITY OF TENNESSEE, KNOXVILLE, TENN.

Mr. DAVIS. Mr. Chairman, it's an honor and a privilege to be here with you at this time, and I regret to say that under the pressures of time and family considerations, I have not had an opportunity to prepare a written statement as I hoped to. But I would like to share a few thoughts with you at this time.

I have worked both in research and teaching at the University of Tennessee, and also served on the Knoxville Transit Authority, as well as working with many HEW human service programs. I believe that what is happening at this time is that we are going through a major change in the way that we look at transportation, and many of the questions this morning indicate a general seeking for the direction of this change.

We are currently operating under a management, legal, and regulatory style that developed during the railroad era when transportation was a very technical and highly specialized skill.

Then we went through an extensive highway building program laying concrete or asphalt and planning to eliminate conflicts between political jurisdictions.

Next, in response to the abandonment of rail commuter service, authorized by Congress in 1958, we entered into an aggressive program of funding, maintaining, and preserving commuter rail service. This was expanded to include subway and bus transit system in the 1960's.

I believe that we are now entering a new era focused not on the operation of transportation by government, but focused on facilitating transportation that accomplishes a public mission. Emphasis will be shifted from providing capital grants and operating funding, toward the funding of new management strategies and principles. I believe that many of the questions asked today are part of that general shift in thinking. Our new emphasis is on making more efficient use of existing resources, but our institutions are designed to preserve that which was.

Government does not have to own a vehicle to derive benefit from it. The vehicle operator does not require a certificate from the Public Service Commission or the ICC for it to serve as public transportation.

In fact, what most of us consider to be public transportation is probably the most insignificant part of our public transportation system. For example, we think that public transportation includes subways, rail commuter service, traditional bus lines, and taxi cabs. Traditional transit carries about 2.8 percent of total urban trips and about 6 or 7 percent of commuter trips nationally. It's higher in the older cities than it is in the newer, of course.

Ridesharing, which we are just beginning to discover, carries at least three times that many trips virtually everywhere except in the downtown areas of a few of the older cities such as New York. In our rural areas the definition of public transportation is limited to taxicabs. In the majority of rural areas, however, volunteers, family members, friends, and neighbors are much more important and serve many more trips than taxicabs, intercity bus lines, and publically funded dial-a-ride programs do in total.

One problem in making this transition from public orientation to a management orientation is that there is often too much Federal money for operations and capital grants to allow the change to occur. There is too much Federal money being used to fund the development of transportation organizations rather than funding cost effective procurement of transportation services.

To illustrate this point, let me exchange a few experiences that I had in Knoxville as a member of the transit authority. As a new transit authority member, I was convinced that we were going to get everyone to ride on mass transit, the bus system.

I remember a program Lew Pratsch, of the U.S. Department of Energy, developed to locate where people lived and where they worked and what time they went to work. I felt this was the greatest prospect list that transit could ever obtain. Can you imagine an insurance agent that had a list of everyone that was going to buy an insurance policy the next day? What would that be worth to him?

I remember attending a meeting in Washington, D.C., during the 1973–74 energy crisis. I took this concept to the executive vice president of one of the major transit management firms. He said something that really stuck with me.

He said, "We're not interested in that." I asked, "Why?"

He replied: "Because transit has a very difficult role to fulfill. First we need to appear to want to haul commuters because that is where our public support is, but if we aggressively go after commuters and are too successful our deficits grow so large we lose public support. We must appear to want to haul commuters but make sure we're not too successful, because that's the only way that we can control our deficits and maintain public support."

I was confused about this principle, but we experienced it in Knoxville. We found that if the transit authority added vehicles on an express run between work centers and suburban areas to give virtually the same level of service as the private automobile that people would use it. Commuters are not looking for low-cost transportation, they are looking for a high-service-level transportation that is there when they leave work and takes them straight home in a minimum amount of time.

Our Knoxville Transit Authority is express buses, operating from the major employment centers, are a prime example. The buses were parked right outside the door when people got off work and took them down the interstate to their subdivisions. We could fill up the buses as fast as the transit authority could put them on.

KTA also offered alternative regular route service between the same points at half price. But no one would ride it.

Price is not the issue; service is paramount for commuters.

The major problem is, that as you expand your transit activity to handle commuters you have the same problem that the railroads encountered with commuter service. The railroad had to have a crew to bring the train in and a crew to take it back home at night. The railroads got one roundtrip a day from their vehicles. That's poor equipment utilization. And these vehicles were expensive.

In addition, transit runs empty from the bus barn to the suburgan pickup point, runs full back to the employment center, and then runs empty back to the bus barn. You're running empty at least half the time. That's not fuel efficient.

KTA's experience was not unusual. The more aggressively public transportation bodies attempted to use traditional transit to serve commuter needs, the sooner the bodies decided to use the private sector to provide the service.

Cost-effective commuter transportation consists of a base level of transit service supplemented by a large carpool, vanpool, and private bus pool operation. The essential concepts are to eliminate running deadhead—empty—miles and to use part-time drivers who go to work with the rest of the commuters. It is also important to use inexpensive vehicles—$666 per seat for a van versus $2,600 $2,600 per seat for a bus—and smaller vehicles that do not spend so much time collecting a full load of passengers that it loses its service appeal.

The transit manager begged the Knoxville Transit Authority to curtail express bus operations after the first 5, but because of the political popularity of the service 14 were ultimately put on. The losses on these peak hour express buses were so great, even though virtually all seats were filled, that KTA had to discontinue evening and weekend services on the entire system to stay within budget. I believe that the express commuter losses were the major contributing factors to this loss of evening and weekend service.

As a result of the express bus program, TVA began an extremely aggressive program of ridesharing. In 1973, 65 percent of the work force drove alone. Now 16 percent drive alone. That's 84 percent ridesharing. Of that, 26 percent go by bus, 39 percent by carpools, 19 percent by vanpools. The work force has expanded by at least a third during that same period of time.

What have been Knoxville's problems in doing this? First, there has been a tendency for the regional transit authority to protect its deficits. That is an intentional play on words. As long as there is plenty of money to fund money-losing commuter service, the transit authority wants to provide it because it's popular. It is only when the authority does not have the money to subsidize the service that the authority will begin to allow private operators who can cover their total costs to provide the service.

Consequently, the more money that's available to the transit authority the more difficult it is for these new options to start.

This problem is not new. The National Transportation Policy Study Commission emphasized that where government owned the railroads in foreign countries they attempted to restrict truck operations. More extensive ownership of transport systems by national governments elsewhere has often led to very protective government policy seeking to sustain and support the investment * * * in effect, governments have acquired an entrepreneurial interest and have sought to protect that interest not only through public investment but by use of their regulatory powers.

Second, there is a strong problem with regulation, and typically there is a tendency for the regulatory body, whether it's the transit authority or the public service commission, to attempt to preserve what was rather than allow new options to develop.

As I see it, the major solution to energy conservation and commuter activity is to put away the Federal checkbook and emphasize the elimination of institutional barriers to new options. If Government would begin to see itself as a facilitator of individual efforts instead of the provider of services, I think that you'll find that private individuals are able to serve these needs.

For example, I drive a vanpool myself. The reason I drive a vanpool is because I have five kids and another one due momentarily. Have you ever tried to find a new automobile to carry eight people? We are also cleared to be foster parents, so we may be getting other children at any time. We need a large vehicle to take them to church and other meetings.

Can you imagine the financial drain on a young father having to buy a van to carry his family? They are expensive. But if he can use this van to carry people to and from work, then he has an oportunity to buy a vehicle to meet his family's needs and at the same time to solve a public transportation need for society.

Now, there are some problems with this, and they are primarily institutional problems. For example, do you realize that in this country today that all of us in this room could share a vehicle, we could share the expense of operating that vehicle, we could share the driving, we can share the parking costs, but there is one thing that we cannot share under any conditions and that is liability.

Only the driver—or the owner—of the vehicle must pick up that cost. Consequently, if four of us have four automobiles that are used for commuting, each one of us that owns a vehicle must insure that vehicle for the maximum liability of hauling all of us. You cannot carry your insurance with you when you ride with someone else, nor can the driver be assured that a passenger will assume his own risk of injury. It is an interesting phenomenon that discriminates against ridesharing.

The investment tax credit is highly discriminatory. Tax credits are available now to employers if the employers provide a van to haul the employer's employees. But if the young father that has 6 or 8 kids wanted to buy a van for his own family, and help pay for it by transporting 14 commuters, he doesn't get the tax credit. If an individual or firm in a shopping center where there are many small employers purchases a van then they are not eligible either since all the riders are not employees of the taxpayer.

Do you realize that if you called up the Internal Revenue Service and asked whether or not an owner operator vanpool had to pay taxes on the pool revenue you cannot get an answer. Some say vans come under Revenue Ruling 55-555 and vanpool revenue is not considered income. Other offices tell you that it is income but are unsure which expenses you can deduct from revenue.

The mayor of Knoxville wrote a letter to the Internal Revenue Service asking 13 questions, such as if vehicles are retrofitted by the employer to accommodate handicapped workers for commuting purpose, was that taxable income to the handicapped commuter? I am submitting a list of these unanswerable questions for your review.

The second area that I have been very intrigued with is human services transportation. I believe Government has two basic public transportation objectives: Solving the automobile related problems of energy, parking, pollution, congestion, and so forth which is basically a commuter issue, and providing service to those that cannot provide their own transportation because of age, physical, economical, emotional, or other reasons. We have already discussed the commuter issue.

There are currently two approaches for meeting the needs of those dependent upon others for transportation: Retrofit existing buses to accommodate wheelchairs, the blind, and those with limited ability to walk up steps. Supply grants to various human services agencies who indicate a need to procure vehicles for transporting program beneficiaries.

There are basic problems with each approach. The retrofitted vehicle serves only limited areas with a single type of service. There are many individuals who cannot use this service either because it does not operate in the rural, suburban, or other areas where the person lives, because the individual is unable to get to the bus stop, or the individual is unable to travel unescorted.

The human service programs are typically managed by the individual that prepared the grant request which results in their funding. Thus, transportation programs managers are selected based on their ability to write grants, rather than transportation, risk management, contracting, vehicle maintenance, soliciting, or other technical experience. These programs have a tendency to be very expensive—higher than taxi cost—and have very poor risk management programs.

For example, we recently received notice of a very bad accident involving a human service vehicle. There were two fatalities and a seriously injured 23-year-old who will almost certainly become a paraplegic. The fatalities were sitting on folding chairs and the 23-

year-old was sitting on an upside-down 5-gallon bucket. One of the problems with the 504 regulations is that when wheelchair passengers do not require the wheelchair space, the well-meaning manager does not want to waste the space. So he uses temporary seating so that ambulatory patients can be carried.

In addition, the public funding of public transportation is creating a blurring of transportation services between broad-based for-hire commercial transportation of the general public and specialized compassionate services for specific clients. The law generally has identified three general types of transportation, and the law applies quite differently to each type of transportation.

For-hire, commercial transportation is organized by a commercial company to make a profit. Examples include taxicabs, railroad passenger service, intercity buses, some bus transit lines, and airport limousines. The legal test has been the exchange of money and the holding out to the general public. They have been held to the highest standard of care legally, and there is virtually no defense in case of accident. This lack of legal defense can increase the suit consciousness of individuals using the transportation service.

There is a long tradition of highly politicized regulation including public hearings, advance notice of service changes, limited ability to change routes or fares and extensive labor protection. The firm is expected to provide service in unprofitable areas as well as profitable areas as a condition of receiving the operating franchise. This is the public utility concept.

Human service transportation is provided by government agencies or charitable institutions for the benefit of a specific group. Examples include school bus service, church buses, Easter Seal Society service for the handicapped, YMCA vehicles, community action agency services, and many others. The legal test is that no money changes hands and all passengers are clients, members or beneficiaries of the organization.

For example, school buses can only carry children. Traditionally, human service vehicles received special protection from liability under the doctrines of governmental immunity and charitable immunity. But later, a public understanding developed that discouraged suits against charities and government, especially if the injury occurred while using a benevolent type of service. These systems were not only exempted from virtually all forms of regulations and taxes, but they were often encouraged by tax dollars—school buses—and tax exempt donations—charities. Volunteer transportation, although somewhat different, was generally treated in the same category legally as these groups.

Private transportation is privately owned vehicles transporting family, friends, and neighbors. The legal test was that no money changed hands. These vehicles were held to a legal standard of care between the human service agencies and the for-hire commercial carriers. This is the standard with which most people are familiar. These vehicles were exempted from economic regulation and the strong public interest orientation of regulated for-hire commercial carriers.

Federal, State, and local statutes and regulations have impacted on each of these major categories of transportation providers in different ways.

In the past 15 years, the Congress has enacted several major laws and has authorized funds to preserve the for-hire transportation industry and to provide help to the transportation disadvantaged, that is, the elderly, the handicapped, the young, and the poor—primarily the rural poor. The urban poor have primarily been served by traditional transit systems which historically have been considreed to be for-hire, common carriers both before and after public ownership.

Under these statutes, transportation providers have been able to receive funds to purchase vehicles and to operate transportation services, within the constraints of a variety of formulas for matching funds obtained from the Federal Government with local, State, or private moneys. Federal transportation funds are administered under more than 15 separate statutes or titles by at least 7 individual Federal agencies within the U.S. Government, including the U.S. Department of Transportation.

A major effect of the public funding programs is that the majority of for-hire commercial carriers are no longer private for-profit companies, but are Government agencies, authorities or quasi-public bodies such as Amtrak and regional transportation authorities. Under this legal transition, public bodies have accepted the for-hire commercial libility standard, its accompanying suit consciousness and highly politicized regulation—albeit now by regional transportation authorities or legislatures—such as public hearings, advance notice of service changes, low fares, labor protection, and an obligation to serve unprofitable areas regardless of cost.

As Government continues to respond to needs that cannot be met by either the private auto or the Government for-hire systems, it is gradually shifting these formerly compassionate service modes with all of their legal protections into the same legal model as the Government owned and operated for-hire carriers. This process is placing the human agencies under the same for-hire legal liability and suit consciousness, the same public utility obligation to preserve regardless of cost, the same labor protections, the same politcal control over fares, and the same public hearings prior to any service changes.

The insurance question which we have been researching arises because the insurance industry does not know which legal doctrines will apply. It does not know whether the law and the public suit consciousness will view the human service vehicles like for-hire commercial carriers or like benevolent human service transportation. The difference in suit consciousness will make a major difference in losses. Since the insurance industry sets rates so that claims and claims adjustment expenses equal 64 percent of gross premium dollars, the insurance industry is neutral as to how the public responds.

Perhaps an even more important issue is the impact of this transition on schoolbuses and human service programs sponsored by charitable institutions such as the Easter Seal Society, boy's clubs and churches. There is very little difference, for example, in a schoolbus operated by a school board and a transit bus operated by a transit authority, except that a small fare may be charged on the transit but while the entire schoolbus fare is pair through the tax mechanism.

With the rapid erosion of governmental immunity and with Government willing to assume the extended legal care standards, suit consciousness and the public utility obligation to serve, it is only reasonable to except that schoolbuses will rapidly become viewed as for-hire commercial carriers like all other Government operated and funded transportation.

Furthermore, as Government assumes for-hire public utility obligations, there is little need for charitable institutions and benevolent societies to continue to provide these services since it is illogical to use private funds to compete with these for-hire carriers which have a public obligation to serve at very low fares.

This transition often conveys a feeling that Government is replacing the extended helping network—charitable institutions, benevolent societies, churches, families, friends and neighbors—with publicly funded transportation utilities.

I am concerned that our current funding programs are rapidly making Government the primary provider of public transportation instead of the transportation provider of last resort. Although the mechanisms have been slightly different, the results have been very similar: Rail commuter service, Amtrak, mass transit—subways and bus transit systems—Conrail, Ambus—funding for intercity buses—and human service agencies. Not only is there a tendency to restructure transportation legally and politically, but it thwarts the balance of influence that is so important. As was emphasized on page 75 of the National Transportation Policy Study Commission's final report:

> More entensive ownership of transport systems by * * * government * * * has often led to very protected government policies seeking to sustain and support this investment. * * * In effect, government has acquired an entrepreneurial interest and has sought to protect that interest not only by public investment, but by use of their regulatory powers.

If I were to recommend a policy, it would be to address the mission of each Federal transportation agency and define the particular target group or market which it is to serve, instead of the old one-system-for-all-people concept which the United States is following today. For example, Federal Highway was originally concerned with the construction and maintenance of highways. Now FHWA is faced with rapidly increasing highway demand, caused by the maturation of the baby boom, increased female participation in the work force, higher disposable income, et cetera, at the same time it is experiencing increased resistance to highway construction because of public attitudes, environmental issues, and a decrease in gas tax receipt. Now FHWA is focusing its attention on traffic control, which is being accomplished in 2 ways:

One, the movement of more vehicles down existing highway facilities utilitizing computer traffic control, high occupancy lanes, and other TSM techniques.

Two, the movement of more people in fewer vehicles through ridesharing.

Thus FHWA has now turned its attention to resolving the major component of the automobile problem, the commuter.

UMTA was originally established to preserve the railroad commuter service that Congress authorized the railroads to abandon under the 1958 legislation. Although the original mandate has been enlarged to include urban transit systems to appeal to a broader constituency, the primary mission of UMTA is to fund, operate and preserve the traditional transit system upon which so many people were dependent.

The high cost and other problems have occurred when these very important systems attempted to expand service into low-density suburban areas or to cater to the peak-hour commuter. Mass transit systems provide a solid backbone of service throughout the day and reduce the dislocation that would occur if a small but very important group of people were to lose the service upon which they depend.

HEW is still wrestling with their role. Conceptually, they are to be the advocate of various target groups and as the elderly, the preschooler, the native American, et cetera. Their major mission is not to provide transportation, but to insure that their program beneficiaries receive the various social programs they need. If the target group is unable to get to the social service, then the human service agency must either take the service to the program beneficiary or take the program beneficiary to the service. HEW is truly a transportation provider of last resort.

Unfortunately, the availability of public funds has had a tendency to make both UMTA and some HEW programs view themselves as the transportation providers of first resort where public funds are made available to establish transportation organizations. Thus, if private sector, nonprofit organizations or other groups compete with it, it is inefficient duplication of service or it adversely affects the Government provider and thus should be prohibited.

Unfortunately, the provision of capital grant programs which work well for highway construction aggravate the problem, because an organization must be created to take title to and operate the vehicle purchased by the capital grant. Then the political body has created an organization that must continually be funded.

The only way I see of controlling the cost of transportation is to:

Make FHWA facilitate ridesharing in vehicles owned and operated by employers, employees, or third party operation but not owned or operated by Government.

Make UMTA responsible for preserving the essential backbone of public transit, that is, existing service on traditional routes in high density corriders at virtually a constant level of service throughout the day.

Make HEW the advocate and procurers of transportation services for their target groups.

Using this model, HEW agencies should become proficient in coordinating and procuring transportation services. They might use the following decision rules:

One, if a program beneficiary can provide their own transportation, this is first choice.

Two, next, the program beneficiary should be encouraged to use existing public transportation, public or private, where it meets the need and is cost effective.

Three, if the program beneficiaries cannot transport themselves or use public transportation, efforts should be made to the extended helping network, such as volunteer, private nonprofit organizations, family members, friends or neighbors, churches, et cetera, to provide the service.

Four, fourth choice would be the use of part-time employees using their own vehicle and paid to transport program beneficiaries.

Five, last resort would be to the purchase of publicly owned vehicles for transportation program beneficiaries.

Perhaps the worst course of action would be to make the mass transit agency responsible for providing all service and legislatively transferring the human service transportation funds to the transit agency. First, transit agencies are limited in their flexibility to provide service and desperately need the money to continue existing operations. Second, the human service agencies would have no recourse if the service provided by the transit agency did not meet their needs. Thus, the human services agencies would be left with no transportation and no money and would not be able to implement very cost-effective programs, such as the reimbursement of volunteers at 17 cents a mile to transport program beneficiaries in their private cars.

The Department of Energy is the fourth actor and is responsible for energy conservation. Since transportation is the primary user of petroleum, it should concentrate on communter ridesharing, the area of greatest energy savings, and human service transportation such as dial-a-ride, which is perhaps the least fuel efficient form of passenger transportation.

Federal agencies appear to do very well when given a specific mission, but have problems when given very broad but uncertain mandates. Perhaps the mandate of each of these agencies should be structured to give specific direction, with some other group given responsibility for general policy formulation. Perhaps a study by OTA, the Congressional Budget Office, and OMB is appropriate at this time.

I am convinced that the 1980's will see the return of passenger transportation to the private sector. Current ridesharing efforts show the willingness of private companies and employee owner-operators to buy buses, vans, and cars for commuter service, with little or no subsidy by Government, if Government will simply eliminate institutional barriers and fund the facilitation of these changes.

The same is also true of the human service area. Let me give you an example.

Knox County, Tenn., used private schoolbus contracts. The school board superintendent in the 1920's decided that the school system would not own any of the schoolbuses but would contract out for all transportation, and that the school system would not be dependent on any one contractor. Currently, no contractor can have more than four buses, and if they have more than two buses, they must personally drive one of them. There is no absentee ownership. There are now 125 contractors supplying 235 vehicles, some that are lift-equipped and with specialized equipment. They provide 1,300 runs a day for some 28,000 students or 56,000 trips a day.

Knoxville has the lowest cost school bus transportation for any city its size in the State. It also has the newest equipment and one of the best equipped fleets in the State.

These contractors not only provide service for the school system, but they provide service for the human service agencies. There is one operator that has a van which picks up children aged 6 months to 3 years and takes them to a day care center in child restraint seats. Can you imagine handing a 6-month-old child to a busdriver on a transit bus? Can you imagine what the driver would tell you if you asked the driver to drop the child off at such-and-such a day-care center?

These private school bus operators are available when teachers, the principals, churches and student groups or senior citizens want to charter trips to Six Flags Over Georgia, Opryland, State parks or any place else. Since the basic cost of operation is covered by the school trips, these private operators can charter trips at a cost that is much lower than many other bus companies.

One school bus operator provides more charter trips every 3 days than our transit system does each year. The private operators are flexible. They do not have to take the lowest bid. There is one operator that has brandnew Blue Birds with Michelin radials, AM-FM radios, and cushioned seats. The county does not place restrictions on use of private vehicles the way they do public vehicles. One busowner takes very affluent housewives over to the Carolinas to the factory outlets on a regular basis.

Where Government is willing to help private operators develop, and not focus on building a large publicly funded bus service, these operations develop.

Utilizing this concept, I would like to give an example of a way I think we could provide rural transportation, at a very low cost to Government. Take a hypothetical case of a rural community between Knoxville and Nashville. The Knoxville-Nashville trip used to take 7 hours along winding mountain roads, but now there is an Interstate Highway System that has reduced the trip to less than 4 hours.

The interstate buses, Greyhound and Trailways, are very competitive with the airlines—which transfer in Atlanta—if they travel on the interstate, but not if they travel on the old road. Unfortunately, the rural communities along the old road don't want to lose all public transportation. So they appeal to the public service commission not to let Greyhound or Trailways abandon this rural service. When Greyhound and Trailways are forced to serve the back roads they are no longer competitive with the airlines, and so they request subsidies to serve the rural commuters.

In addition to the intercity bus subsidy, tax fund are used to fund a school bus fleet that operates 2 or 3 hours a day, 180 days a year, and sits empty the remainder of the time.

Since there is no local transportation for the elderly and the handicapped, the local planning agency request section 18 funds, as well as funds from several HEW programs, to start a rural transportation service. These funds require all the labor protection, public utility obligation to serve, and other highly politicized requirements mentioned earlier.

Let's suggest another option. The school board, instead of buying new schoolbuses, finds 5 or 10 local entrepreneuers, auto garage operators or farmers or others who would be willing to buy a new school bus or one of the existing schoolbuses, and provide contractual service, much as is done in Knoxville. In Knoxville, the purchase of a new bus results in a 4-year contract which can be used as collateral at any bank.

The county political leaders should next petition the public service commission to let Greyhound and Trailways abandon the service and stay on the interstates where they are most profitable. In return, the private schoolbus operators would have the right to provide fixed route service to and from the rural community and the Interstate Highway System, where the passengers could transfer to Greyhound and Trailways.

Now Greyhound and Trailways would be competitive and wouldn't need subsidies. The county has a group of private school bus operators who can reduce the cost of local schoolbus service. The county now has a fixed route feeder service and package express service to the Greyhound and Trailways interstate highway network.

There is also a group of private operators who can compete for human service agency business.

In addition, the PSC should give the local operator charter rights so that local groups that want to get charter service won't have to pay empty deadhead miles from Nashville or Knoxville to obtain Greyhound or Trailways service. This approach develops a local transportation industry to serve the needs of the local community. It is difficult to see why any Federal subsidy would be needed.

This is the reason I believe that there is too much funding. We are funding a proliferation of organizations rather than innovative solutions to these transportation problems. Virtually all federally funded transportation systems have very low utilization.

Mr. MINETA. Fine. Thank you very much, Professor Davis.

The figures you cited on 26 percent commuting by bus, 39 percent in carpools, and 19 percent by vanpooling—is that TVA experience?

Mr. DAVIS. Right. And I should add that if we add that to the Knoxville commuter pool group that we have 151 vans just in the Knoxville area. We have 39 buses, because there are six vanpools that have grown into private buses operated in an identical manner to an employee-owned vanpool. All of the vehicles and operations are carried out completely with private funding. The only public funding is for the facilitation of carpool matching, institutional change, et cetera.

Mr. MINETA. And TVA has how many employees?

Mr. DAVIS. Right now 4,200 at the downtown site.

Mr. MINETA. Did you use the figure 84 percent?

Mr. DAVIS. 84 percent, right.

Mr. MINETA. What percent in carpools?

Mr. DAVIS. Carpooling would be 39 percent of the 4,200.

Mr. MINETA. In order to accomodate ridesharing liability, did the State of Tennessee have to change any of its laws?

Mr. DAVIS. Certainly. The first obstacle to vanpooling was that it was illegal. That was the reason Tennessee changed the law so vanpools were exempt from regulation by the public service commission.

Mr. MINETA. What about the guest statute laws? How does that——

Mr. DAVIS. The guest statute laws primarily apply where you have volunteers providing transportation. That doesn't really tie in with vanpooling.

In South Dakota there was a case where they had two volunteers taking eight senior citizens to a congregate meal site, each one coming from a different side of town. They were paying these volunteers 15 cents a mile because the people that have the time to volunteer don't have the money for the gas, and vice versa. The attorney general there ruled that receiving funds as an inducement to provide transportation made them public livery and subject to all the regulations and insurance requirements of a public livery. In about half the States the guest statute holds that the provider of gratuitous transportation is only expected to use slight care in the protection of passengers.

Mr. MINETA. Is ridesharing considered compensation?

Mr. DAVIS. Yes. The model ridesharing legislation prepared by the National Committee on Uniform Traffic Laws and Ordinances, and the model human service legislation sponsored by the National Governors Association both emphasize that the sharing of expenses or the receiving of mileage does not make a ridesharer or a volunteer for hire commerical carriage and subject to all the applicable regulations.

Mr. MINETA. Do you see the transit systems having a role to play in ridesharing? I get the feeling that you seem to feel it's better outside the traditional transit systems, that leaving it in private hands is a better way to go.

Mr. DAVIS. I think that transit has a very important role to play in proving fixed route service along tranditional routes. Beyond that problems develop.

First, transit authority participation raises the specter of the common carriage liability standard, highly politicized regulation, the public utility obligation to serve, labor protections, and of all of the other obligations that the transit authorities have accepted from the commercial carriers.

Second, Government ownership of vehicles brings control on the use of those vehicles.

For example, one of the questions that was asked of Jim Echols was if the transit authority owns the vehicles, do you let the driver use it on weekends for trips? Do you remember that question?

When Government owns vehicles there has to be so many controls on how they're used that you eliminate any economies of scale or flexibility in using the vehicles.

Mr. MINETA. In the TVA situation then the young man with the family of four or five can pack up the kids and go off on a weekend trip without any——

Mr. DAVIS. They have been more lenient because the vehicles have been funded by the credit union, not with Federal funds, but by loans from the credit union.

TVA, however, is a political or a Government organization, and they come under criticism if there's too much use of these vans for private purposes, so they are somewhat restricted in how they can be used.

I feel that all options are needed, but I think the one that gives the greatest flexibility is where the individual owns the vehicle and can provide not only commuter trips but can take neighbors or senior citizens to the State park, to recreational areas and to ballgames, church activities, and other types of informal social trips.

Mr. MINETA. How far along is the model ordinance relative to the insurance industry that has been drafted by the National Governors Association?

Mr. DAVIS. Both of these bills have the full support of the insurance industry, and new rates have been submitted based upon these new ordinances. They are being introduced in many of the States at this time. Both bills have been developed within the last 6 months. There are many groups that are very supportive of both bills.

Mr. MINETA. Also could you expand on the two items, ruling 55-555 and your letter to the IRS relative to the handicapped?

Mr. DAVIS. Very good. Ruling 55-555—I don't know how we got all the five there, but anyway——

Mr. MINETA. It's nice and easy to remember.

Mr. DAVIS. It's easy to remember. It basically says that it is very difficult to profit from carpooling and any revenues reported would not be worth the paperwork to keep track of it. Therefore, carpool revenue is exempt from IRS consideration.

There is a caveat, however, that if you develop carpooling to the point where you make significant income from it, then it's taxable. Some IRS officers say vanpools are covered by the 55-555 ruling, other IRS officers disagree.

Mr. MINETA. The letter on the handicapped to the IRS?

Mr. DAVIS. I will provide the committee with a copy of this letter from the mayor of Knoxville, the response letter from IRS, and some of the other documents that I have mentioned.

Mr. MINETA. That would be helpful. Thank you very much. Mr. Stangeland?

Mr. STANGELAND. Professor Davis, you started out by saying we had gone through the railroad era. In your study of transportation do you see a potential for the railroad era coming back or something similar to a railroad era?

Mr. DAVIS. I think the railroads have a very important place and a very important role to fulfill. But I think we are realizing that economies of scale are not as important as economies of specialization.

During the railroad era they transported everything. I can remember going with my dad down to the train station to ship cases of eggs over to the city of Richmond by rail. We would pick up a single car battery that was shipped from my uncle in Philadelphia.

I don't think the railroads are going to replace UPS, I don't think they are going to replace Delta Dash. I think the railroads are going to be extremely beneficial in carrying large bulk commodities like coal and petroleum. The unit train concept and the land bridge are very important. I think piggyback freight will increase. I do not think we'll ever see REA or the railroad express office return.

I believe that we are now seeing this emphasis on specialization expanding to cover passenger transportation. This simply underscores the reason. I feel there is a need for reorientation toward urban transportation as discussed earlier. The idea of one system trying to do everything for all people is over, and the cost overruns occur when we cling to the old public utility concept rather than encouraging the development of a number of specialized forms of transportation from which people may select.

Mr. **Stangeland**. You mentioned the labor force bus driver being inefficient in the commuter-type operation. You talked about going from the bus barn out to pick up the workers to bring them in to a factory, back to the bus barn, back to pick up the workers, back to the home, back to the bus barn. Or is it more efficient to have a person who worked in that plant or whatever picking people up, driving it back and distributing them, and then keeping the bus until the next morning?

I'm wondering if there isn't a more efficient way yet to utilize that vehicle.

Mr. **Davis**. There is. When vehicles are privately owned and regulation allows multiple use of vehicles, these vehicles can be used very efficiently.

For example, there is a vanpool driver in Knoxville who uses his van on the evenings and weekends for personal use. He brings a group of commuters in from a very rural area to work and parks his vehicle at his work site. While he is at work, the YMCA could use the van to pick up people coming to their programs. They return it each day by 4:30 p.m. and pay him $10 for the use of the vehicle and gas. After a year under this arrangement the YMCA found a housewife who had a van available during the day who would provide not only the vehicle and maintenance, but would provide also the driver, and so they contracted with her. Now the YMCA has a problem. Getting the driver and vehicle from the same person makes the operation a taxicab, subject to for-hire regulation and insurance. Thus costs increase substantially. As soon as this contractor gets caught, the YMCA will be back to leasing the vehicle or buying their own vehicle.

Where these vehicles are not restricted by Government ownership, Government use restrictions, and Government regulation there is a great potential for multiple use of vehicles. In commuter trips, however, it is usually more efficient to avoid driving empty deadhead miles than it is to make multiple use of the vehicle. An example will illustrate this point.

We had a workshop for kids with learning disabilities. There was one little girl that lived 15 miles out in a rural area. The human service agency, using a 16(b)2) van and a CETA driver at a cost of 65 cents per mile, was running empty out to pick the student up and bring her to class. It then reversed the trip in the evening. The van drove 60 miles to make that 15-mile trip. A volunteer who lived near the little girl and worked near the workshop was able to save the agency $7,200 in van operating cost by bringing the little girl in. In addition, the agency used this mileage as in kind contribution for local match and the driver received 7 cents a mile as a tax deduction for a charitable contribution. His donated service was worth more than a $10,000 per year contribution to the agency.

As fuel usage becomes more important we are going to have to use more arrangement like the volunteer. In addition to being worth $10,000 to the agency, the volunteer saved over 1,000 gallons of gasoline that the van would have used to make the trip.

Another example of these extended helping networks increasing vehicle efficiency was observed in Gallatin, Mo., where there they have a very excellent congregate meal site program, which serves approximately 60 people a day. Missouri has the very excellent OATS rural transportation program. Four times a month the OATS van brings 10 to 12 passengers to the congregate meal site. Thus 48 of the over 1,200 people served a month come by the formalized program. Ninety-six percent bring themselves or are transported by family friends and neighbors.

Another example is the Veterans' Administration, which relies almost totally on family, friends and neighbors for transportation of veterans to VA hospitals and clinics. A veteran that lives 60 miles from a clinic is expected to get a family member, a friend or a neighbor to bring them in. The VA offers 17 cents per mile, but if the neighbor charges more the VA will reimburse them. It is very cheap transportation.

Mr. **Stangeland**. Is there a danger we can become so flexible we can become unmanageable?

Mr. **Davis**. Well, this was a question that was raised by the public service commission when we wanted to get exemptions for vanpools in Tennessee. One PSC staff member said, "Don't you realize back in 1935 we had ruinous competition between bus companies and we needed regulation to control that?" I replied, "In 1945 we had more work buses serving the Alcoa Aluminum plant than we have total buses in the entire State of Tennessee today." If the vans are so successful that we again have a surplus of transportation, we can return to the regulatory process because we have proven that system can eliminate service.

Mr. **Stangeland**. I'm not talking so much about the regulation as the management responsibility associated with the flexibility you describe. I think you have some excellent points. Maybe there is a point beyond which we must rely on individual initiative.

Mr. **Davis**. I think you have an excellent point. I think Government should attempt to help individuals solve their own problems. Where commuters are able to buy their own vans and buses and operate them themselves, I don't think Government should attempt to fund, operate or control the private effort. If it works and there's no problem, don't try to fix it.

Where there are problems that individuals cannot solve, such as in human service transportation, then I think Government should shift to a coordination and procurement approach. Government ownership and operation of vehicles should be the last resort.

Mr. **Stangeland**. Thank you. No other questions. Thank you, Professor Davis.

Mr. **Mineta**. Picking up on a question that Mr. Gingrich might have asked if he had been here, that is, given a serious shortfall in oil, how quickly do you think as a result of your own experience in

Knoxville would we be able to gear up through ridesharing programs? What would be the appropriate agency to do the matching of where people live and where they go to work, which may not entirely involve common employers?

Who should do the matching up and how quickly can it gear up?

Mr. **Davis**. The city of Knoxville has an energy contingency plan which will take care, I believe, of up to a 50-percent reduction in fuel. I think that we find that ridesharing is a safety valve that allows people to solve their own problems.

For example, do you remember when you had the energy shortage there in Washington, D.C.? Taxi operators told me that the congestion was virtually eliminated, and most people still got to work. Polls indicate there has been a 5-percent shift of the total work force into ridesharing in the last 12 months. I feel that this is indicative of how quickly people can solve their problems when the need to.

I don't feel that there would be a major problem. As far as the most effective agency—I don't think is is the agency that is as important as it is the attitude of the administrators of that organization.

A regional transit authority that can view itself as a facilitator of solutions instead of an operator and funder of traditional transit could be effective. Unfortunately there are few executive directors like Jim Echols. In other areas, where you have a community that's unwilling to spend funds to benefit somebody that lives outside of the city—although they work in the city—or works outside of the city—although they live in the city—it's got to be an agency that's larger than the city.

We took our program to the city of Knoxville and found that was a mistake. We shifted it back to the university so we would have more flexibility. I don't think the university is an appropriate place, but at least it's able to solve many of these problems. I think we need to develop a new slot and it may be a private profit or nonprofit organization that can provide the service under contract to the political areas and local employers.

Mr. **Mineta**. Given your specialization in transportation, have you looked at this problem of transit operations and its relationship to the use of part-time drivers?

Mr. **Davis**. The reason that I became interested in ridesharing in the beginning was because of that peak period problem.

I thought at first that the solution was part-time transit busdrivers. Then a very high level union official explained to me that where the unions have allowed part-time employees in a very open and flexible manner, the part-time employee did not vote in union elections the way the full-time drivers did, and consequently the union was often voted out. Thus, the survival of the union depends upon not having part-time labor. Recognizing this, I began to research other options. That is when our research focus shifted to ridesharing. Ridesharing offers part-time drivers without threatening the existence of the union.

Toronto is another excellent example. Toronto has a very excellent transit system that provides a number of commuter bus routes. I was told by one official that they would probably operate the commuter bus runs only for about 1 hour per day if it were not that they were required to use full-time drivers. Now they provide 3 hours of service, even though rideship on those extra 2 hours in the morning and extra 2 hours in the evening is very low, it's very costly and also very fuel inefficient.

On the other hand, I can understand the drivers' position. That is why I feel very strongly that traditional transit should focus on a constant level of service throughout the day on the heavily traveled corridors. This way drivers can work straight 8-hour shifts and the city can use lower cost options to take care of the peaks.

Mr. MINETA. Professor, thank you very much for your contribution. With your vast background in transportation, your experience with ridesharing, and your reputation in these areas we appreciate your taking the time to be before us.

Mr. DAVIS. Thank you. It was an honor to be here.

[The following were received for the record:]

PSS-1, [illegible]

CITY OF KNOXVILLE, TENNESSEE

CITY HALL
CITY HALL PARK 37902
TEL. 615-523-2151

DEPARTMENT OF PUBLIC
TRANSPORTATION SERVICES

November 1, 1977

Commissioner of Internal
Revenue
Washington, D. C.

Re: Request for a Revenue Ruling

Dear Commissioner:

The City of Knoxville, Tennessee, in cooperation with the Tennessee Valley Authority has conducted a commuter transportation project funded by an UMTA Service and Methods Demonstration Grant. As a result of the T.V.A. demonstration alone, the percentage of commuters driving alone has decreased from 66% to 18%. Benefits to T.V.A. include not having to build a 3.6 million dollar parking garage. The City benefited by a 50% reduction in commuter vehicle miles traveled, the conservation of 460,000 gallons of fuel, and a reduction of the number of cars on the highway by 1,463 which increased the average speed on our most congested highway (I-40/I-75) by 10 miles per hour during the peak period. This is equivalent to adding another lane for use during peak periods. (See attached report)

One of the most important components of the T.V.A. program was a 1/3 incentive paid to transit users, express bus users, vanpool riders and carpoolers. The total cost of this incentive was $125,000 last year. (See page 28 of attached report)

Based on this experience, the City of Knoxville, in cooperation with T.V.A., the Knoxville Chamber of Commerce, the Downtown Knoxville Association, and downtown merchants have jointly sponsored a program for the entire downtown area. According to the plan, the City will help locate vanpools, carpools, express buses, and taxi pools. The employer will give each person that rideshares a voucher that can be cashed by a parking lot operator for reserved carpool spaces, by the banks and credit unions for bus or transit tickets, by private vanpool operators for vanpool riders and by the taxi companies for taxi pool riders. This will encourage ridesharing whereas the current practice of renting commercial lots at $30-$40 per space per month and granting "free" employee parking encourages people to drive alone which increases energy use, increases balance of payment deficits, increases public expenditures, fills the downtown with cars rather than customers and clients, and destroys the downtown tax-base as office buildings are torn down to make room for parking lots.

On October 10, 1977, Dick Page, Administrator of UMTA gave the City of Knoxville a national award of excellence for the demonstration project. Before the program is spread city-wide, it is imperative that the tax implications of such a program be ascertained. The City of Knoxville, on behalf of 200 participating firms and over 10,000 participating poolers, respectfully requests a ruling on the below described situations.

Traditionally, commuting expenses have been a personal expense (Section 1.262-1(b)(5)) for individual commuters. Payments made by individual riders to the driver of a carpool have not been considered "income" to the driver. (Rev. Rul. 55-555). However, when an employer provides his employees with free or subsidized parking, the employer incurs a deductible capital expense and the employees do not incur a tax liability despite the fact that the subsidy or free parking could be considered a personal commuting expense.

The purpose of the Knoxville program is to modify these traditional well understood approaches to accomplish local, state, and national goals of energy conservation and to make more efficient use of transportation resources. Therefore, a ruling is needed in the following cases:

1. Where an employer provides a parking lot to his employees free of charge or subsidized to the extent that the space is leased from a commercial lot at a cost of thirty ($30) to forty ($40) a month, does this represent taxable income to the employees?

2. Where an employer provides all employees that rideshare (transit, public express bus, private express bus, vanpool, carpool or taxipool), a monthly $6.30 incentive instead of free parking, does this monthly incentive represent taxable income to the employees? Is the payment of deductible business expense for the employer?

3. Where an employer provides a free or partially subsidized bus ticket to his employees in lieu of providing free or subsidized parking, does that represent taxable income to the employees? Would this be a deductible expense to the employer?

4. Where an employer provides a $6.30 per employee monthly incentive for a carpool of four or more passengers and the employees are free to use the incentive to pay for parking at a private lot, is this treated differently than if the employer provided free or subsidized parking through direct payments to the private parking lot?

5. Where an employer provides free rides for its employees, such as company buses, does this represent taxable income to the employees? Would it make any difference if the employer gave cash to the employees which they could use to bus a ride? If the employees pay one-half of the cost of operating the bus, is the cost of other half taxable income to the employees?

6. If an employer provided administrative support for ridesharing employees, such as conducting surveys, passing out matching forms, and processing bus tickets, do expenses incurred in connection with these activities represent deductible expenses? Would the expenses be income to the employees? If so, how should it be allocated between the benefiting employees? On page 28 of the attached report, T.V.A. pays the credit union $11,231.00. Is this taxable income?

7. Where an employer agreed to subsidize an unprofitable bus run in order to induce a bus company to initiate commuter service, would the amount of the subsidy be taxable income to the commuters? If so how would the cost be allocated? Would the subsidy be a deductible expense for the employer?

8. Where an employer agreed to guarantee a vanpool by subsidizing its operations when ridership was below a certain minimum breakeven point, would the amount of

the subsidy be income to the driver of the van? Would the amount of the subsidy be income to the passengers of the vehicle? Would these payments represent a deductible expense to the employer?

9. Where the driver of a van earned $30.00 per month in excess of all expenses, would this be taxable income to the driver? What expenses should the driver consider to offset revenue? Would the driver be able to claim a loss if one passenger stopped riding and he/she sustained a loss?

10. If a handicapped individual modifies a vehicle so that it may be operated despite the handicap, are the expenses incurred by the handicapped individual deductible medical expenses? If an employer modified vehicles that are used by his/her employees commuting to and from work so that his/her handicapped employees could use the vehicles, would the expenses incurred by the employer be taxable income to the handicapped individuals since the employer would be paying for commuting expenses?

11. If an employer gave special concessions to employees hauling handicapped employees such as free parking or partial subsidy of a van, but did not provide the same benefits to individuals not hauling handicapped, would the driver and/or the handicapped employees be receiving taxable income?

12. If a commuter on his or her way to work picked up a handicapped individual and dropped the handicapped individual off at a charitable (Income Tax exempt) organization without any or only minor deviation from his/her regular route, would the commuter be entitled to a charitable deduction for the distance from where the individual was picked up to where he/she was dropped off? If the charitable organization paid the commuter 15¢ per mile for the distance traveled, would this payment be taxable income or would the payment be "reimbursement"?

13. Since commuting is a personal expense to be borne solely by the individual commuters, is the subsidized portion of mass transit income to the commuters?

14. Where an employee relocates a group of employees from one plant to another work site (textile mill) and negotiates to pay their vanpool fare for the commuter trip rather than their moving expense since the move would require the disruption of families, would the van fare be taxable income?

Each of these cases has arisen and the tax implications need to be resolved before the Knoxville taxpayer can correctly calculate their trip expenses. The clarification is essential for the many cities that are working on similar programs to solve their energy and traffic problems.

Sincerely,

Robert P. Aex - Director, Dept of Public Transportation Services

Anthony Todd - Vanpool Driver - Rt. 4, Seymour, TN 37865

[illegible] - [illegible], Inc. Secretary & Treasurer

424 Gay Street
Knoxville, TN 37902

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Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person to Contact: Philip M. Corn
Telephone Number: (202) 566-3830 [illegible]
Refer Reply to: T:I:I:3:1 [illegible]
Date: [illegible] 3 1978

City of Knoxville, Tennessee
Department of Public Transportation
Services
City Hall
City Hall Park
Knoxville, Tennessee 37902

Attn: Robert P. Aex

Dear Mr. Aex:

This is in reply to your letter of November 1, 1977, concerning the commuter transportation project conducted by the City of Knoxville in cooperation with the Tennessee Valley Authority. Specifically, you have requested rulings as to the Federal income tax consequences of the program.

As you may be aware, Commissioner Kurtz has indicated on several occasions that the subject of whether, and to what extent, the value of various fringe benefits, including free employee parking, reduced rate parking, etc. is required to be included in the recipients' gross income under the provisions of the Internal Revenue Code has been under active study by the Internal Revenue Service. The Service initiated its study in an attempt to resolve the fringe benefit issue in a just and uniform manner.

However, H. R. 9251, The Tax Treatment Extention Bill, 95th Cong., 1st Sess. (1977), as recently reported by the Ways and Means Committee of the House of Representatives, contains a provision that specifically prohibits the Service from issuing final regulations regarding fringe benefits until after July 1, 1978. More recently, during hearings before the Senate Finance Committee, the Assistant Secretary of the Treasury (Tax Policy), the late Laurence N. Woodworth, assured the Committee that final regulations regarding fringe benefits would not be issued prior to July 1, 1978.

In view of the incomplete status of the Service's own study of the fringe benefits issue and the pending Congressional directive precluding any substantive action by the Service in this sensitive area of the tax law, we regret that we are unable at this time to respond definitively to your letter.

We appreciate your interest in proper tax reporting and trust you understand our inability to respond to your request at this time. If we can be of assistance to you in the future, please do not hesitate to call on us.

Sincerely yours,

Mario E. Lombardo

Chief, Individual Income Tax Branch

National Governors' Association

Otis R. Bowen, M.D.
Governor of Indiana
Chairman

Stephen B. Farber
Executive Director

THE RURAL TRANSPORTATION INSURANCE INITIATIVE

In rural areas and small towns throughout America, transportation services have undergone substantial growth and development in recent years. Citizens previously dependent solely on the family automobile are increasingly being offered multiple and more affordable transportation options by human service organizations and volunteers. The human service agency which has purchased vans to transport service recipients, the agency volunteer who regularly drives patients to a distant medical facility, and numerous other diverse systems are becoming predominant participants in a coordinated rural transportation network.

Primarily nonproft and inexperienced, these organizationally fragile operations are encountering inequitable administrative and economic regulation. Inappropriate insurance rates and classifications are major impediments often contributing to the dissolution of what may be the only available and affordable link rural citizens have to needed social services.

The National Governors' Association (NGA) is heading an important new effort to target needed legislation to this problem. The first of a series of three bills, the attached model bill creates a legal classification for rural human service transportation separate from the "for-hire" classification for taxis, buses, and other public liveries with accompanying high insurance rates. This bill is intended to dovetail with new classifications filed by the insurance industry with most state insurance commissioners.

The model bill is currently being distributed to the states by NGA. Project staff are on call to provide state policymakers with background information and would appreciate expressions of interest from the states.

Building on a strong consensus that this is an important legislative area, NGA and the University of Tennessee have worked with the White House, American Association of State Highway and Transportation Officials, Conference of Insurance Legislators, National Conference of State Legislatures, National Committee on Uniform Traffic Laws and Ordinances, National Association of Attorneys General, National Association of Governors' Highway Safety Representatives, National Association of Insurance Commissioners, National Association of Regulatory Utility Commissioners, the insurance industry, transportation providers, and state and federal agencies.

Those interested in the rural transportation legislation are encouraged to contact Charilyn W. Cowan, Staff Director of the Committee on Transportation, Commerce, and Technology, or Timothy Knaus, State Services Associate at the National Governors' Association, (202) 624-5395.

HALL OF THE STATES • 444 North Capitol Street • Washington, DC 20001 • (202) 624-5300

EXPLANATION AND ANALYSIS OF THE ACT TO REMOVE BARRIERS TO COORDINATING HUMAN SERVICE TRANSPORTATION

Overview of the Problem

Historically, forms of transportation have been categorized as either "for-hire" transportation (providing transportation for compensation) or "private" transportation (providing transportation to family, friends, and neighbors with no money changing hands). In recent years, however, human service transportation has grown to serve the elderly, handicapped, young, poor, and others who cannot provide their own transportation or utilize for-hire transportation. The need for this type of transportation service is especially acute in rural areas and small towns where the demand is great and the travel options are few. This transportation is not private transportation because compensation may be involved, such as reimbursement of out-of-pocket costs for volunteers who use their own vehicles. Yet neither is it for-hire because charitable institutions such as the Easter Seal Society are not actually in the business of providing transportation. The types of transportation defined in this proposed statute presently fall in a legal "no man's land," being not quite private and not quite for-hire transportation. The problems generated by this uncertainty have been manifested primarily in the areas of insurance, liability problems, and economic and safety regulation.

In a related area, the National Committee on Uniform Traffic Laws and Ordinances has developed a model ridesharing law to allow the legal formation of carpools, vanpools, and other arrangements so that individuals can pool rides to work, school, and recreational activities on a shared-expense basis without being subject to all of the requirements of commercial, for-hire vehicles. Just as the ridesharing law is designed to allow individual commuters to cooperatively provide for their transportation needs, the Act to Remove

Barriers to Coordinating Human Service Transportation is designed to facilitate the coordination of affordable and available rural transportation by human service agencies.

This bill recognizes, for example, that there is little functional difference between a church bus that transports senior citizens to a church supper and an Administration on Aging vehicle that transports senior citizens to congregate meal sites. Likewise, there is little difference between a Community Action Committee vehicle that takes clients to medical services, an Easter Seal Society vehicle that takes handicapped individuals to medical services, a volunteer for the American Cancer Society who takes a cancer patient to the hospital, and a veteran's neighbor in a rural area who is reimbursed by the Veterans Administration for driving the veteran to a hospital. Furthermore, there is little difference between a school bus program, a Head Start program taking children to the Head Start facility, a housewife who takes individuals to a sheltered workshop in her privately-owned van, and a contractor taking children to a parochial school in a school bus. Frequently, charitable and public service organizations and volunteers serve the same routes and needs as public-funded programs.

The bill is designed to ensure that state and local regulatory laws designed for for-hire, commercial vehicles will not be applied to these volunteers and human service agencies. The intent is to give both charitable and public agencies the greatest possible freedom to coordinate services effectively for those having difficulty securing transportation. The bill will eliminate problems that occur when laws and regulations originally designed for commercial, for-hire carriers are applied to charitable and human service vehicles by default because human service programs are not defined and specifically differentiated in state statutes.

A classic example of the misapplication of legislative intent occurred when two volunteers transporting eight senior citizens to a congregate meal site in a rural area were declared to be public livery and subject to all of the economic regulations and insurance requirements of public carriers because they received 15 cents per mile reimbursement from a public agency to cover vehicle operating expenses. In another case, a community center had to curtail transportation because of budget restrictions. The senior citizens it transported were willing and able to pay the cost of the service, but if the agency had accepted the money it would have been subject to all the regulatory and insurance requirements of for-hire carriers.

In other cases, public agencies have sought government funds to buy and operate vehicles not because it is more cost effective, but because the only alternative is to use regulated, for-hire carriers. The difference in cost caused by the regulatory requirements, taxes, and insurance costs for the for-hire carriers—plus the availability of 80 percent federal capital grants for vehicle purchase—makes government ownership and operation appear to be the least expensive option.

The bill is an outgrowth of the January 23, 1979 White House meeting on human service insurance issues. It is based on a research project on human service transportation sponsored jointly by the U.S. Department of Transportation, the U.S. Department of Health, Education, and Welfare, and the White House. State and local associations, numerous state and federal agencies, and transportation providers contributed to the overall effort. The insurance industry (including the Insurance Services Office, the American Insurance Association, the National Association of Independent Insurers, and the Alliance of American Insurers) and the National Association of Insurance Commissioners also participated in the project. New insurance rates based on this concept were filed by the Insurance Services Office (ISO) in all states that allowed ISO filings and became effective October 1, 1979. The new insurance rates are described in New Insurance Program for Human Service Transportation Providers, Washington, D.C.: Office of Human Development Services, U.S. Department of Health, Education, and Welfare, August 1979. The White House conference report is contained in Proceedings: White

House Workshop on Transportation Insurance, Washington, D.C.: Office of Human Development Services, U.S. Department of Health, Education, and Welfare, September 1979.

Analysis of Proposed Legislation

Section 2 states that the purpose of this act is to recognize legally all forms of human service transportation so that they can be regulated, insured, and administered directly and will not be forced into inappropriate for-hire, commercial regulations simply because no appropriate category exists.

Section 3 defines "human service transportation" as transportation provided by civic, charitable, or human service agencies. The term recognizes that transportation programs coordinated by both public and charitable institutions are identical in purpose and function and should be treated similarly. Schools provide transportation for students. Sheltered workshops provide transportation to mentally retarded workers. Church buses provide transportation for members or individuals who attend church. Rural transportation programs provide transportation for the elderly, the handicapped, the young, and the poor who live in rural areas. The Easter Seal Society, the American Red Cross, the United Cerebral Palsy Association, and other groups provide transportation for the handicapped or for those who need medical care. The term "nonprofit" is defined to recognize that governmental and charitable institutions need funds to operate transportation services and the purpose of a charge for those services is to increase the amount of transportation that can be provided by the agency rather than to make profit. "Volunteers" may receive expenses, but no salaries.

Section 4 formally establishes the classifications of "human service transportation" and "volunteer transportation" within which all regulation, administration, and insurance will take place.

Section 5 exempts human service transportation and volunteer transportation from all regulations that apply to commercial or for-hire vehicles.

Section 6 allows human service agencies to purchase insurance to cover volunteers involved in accidents while providing volunteer service. Many charitable and public agencies make extensive use of volunteers either to drive agency vehicles or to transport clients in their privately-owned vehicles. Agencies often find they must ask the volunteer to hold the agency harmless if they are injured (or if a passenger is injured). If the volunteer is injured, the agency cannot even pay medical costs incurred by the volunteer. All too often, a volunteer has had private auto insurance coverage cancelled because of becoming a volunteer. People are willing to volunteer and they should not be expected to assume all risks and costs.

Section 7 is designed to exempt human service transportation and volunteer transportation from all local taxes, licenses, and regulations that were designed originally for commercial, for-hire vehicles. It is not the intent of this section to prohibit local jurisdictions from imposing any taxes, licenses, or regulations, rather it is to make sure that the tax, license, and regulatory requirements that are imposed are designed specifically for the new forms of transportation and are not imposed solely by default because it is thought that human service agencies or volunteers might be commercial, for-hire carriers. Because school buses and church buses already are defined under the law, this section does not alter their treatment.

Section 8 is included to ensure that human service transportation and volunteer transportation using standard station wagons and vans are not considered to be a bus, a commercial vehicle, or for-hire transportation simply because the volunteer or human service agency has a vehicle that has more than 8 or 10 seats.

Sections 1 through 8 of this bill define human service transportation and volunteer transportation as separate and distinct legal forms and disassociate them from all regulations, taxes, and licenses designed for commercial, for-hire carriers. Section 9 is designed to establish regulations specifically for these new legal forms. Two approaches can be used. The first approach is to let the funding agency establish required safety and insurance regulations, just as many state departments of education prescribe safety regulations for school buses.

The second approach is to designate a specific organization to be responsible for setting safety and insurance regulations. These regulations may be for one of the new categories or for all of the new categories collectively. For example, a state department of education may be instructed to provide safety inspectors for all human service vehicles just as it currently inspects school buses. A state department of transportation may be designated to develop appropriate driver training procedures. States may decide to have the same regulations that apply to school buses apply to all governmental supported human service programs and may extend church bus regulations to apply to all charitable transportation programs. It probably is not wise to impose extensive regulatory requirements on volunteer transportation.

In establishing regulations for the new forms of transportation, it is important to realize that all of these new forms of transportation serve the needs of those often unable to transport themselves—the elderly, the poor, the handicapped, and the young. If volunteers are restricted from providing transportation, public bodies will be expected to fund transportation to meet these needs. If individuals are restricted from turning to their churches, clubs, or neighbors to obtain transportation, they are often forced to turn to government to provide transportation at considerable public expense. If the charitable organizations such as the Easter Seal Society, the American Cancer Society, United Cerebral Palsy Association, or family, friends, and neighbors are restricted from serving these needs with private contributions, government will have to serve the needs at public expense. If there is no one to serve the needs except publicly supported agencies, it is only logical that these agencies should legally be able to select the most cost-effective options for providing the services.

AN ACT TO REMOVE BARRIERS TO COORDINATING HUMAN SERVICE TRANSPORTATION

(Be it enacted, etc.)

SECTION 1. *Short Title.* This act may be cited as the "(*State*) Act to Remove Barriers to Coordinating Human Service Transportation."

SECTION 2. *Purpose.* In order to promote improved transportation for the elderly and handicapped, and residents of rural areas and small towns through an expanded and coordinated transportation network, it is hereby declared to be the policy of the Legislature to legally define and to recognize human service transportation and volunteer transportation as separate but contributing components of the (*state*) transportation system. Therefore, it is the policy of the Legislature to remove barriers to low cost human service transportation. For this purpose, transportation systems meeting the criteria prescribed herein will not be classified as "for-hire" carriers, but as "human service transportation" and "volunteer transportation" subject to appropriate regulation and administration.

SECTION 3. *Definitions.* As used in this act:

(a) "human service agency" means any human service unit whether supported wholly or partially by public funds such as clinics, day-care centers, job programs, congregate meal centers, senior citizen programs, and other government funded bodies.

(b) "charitable organization" means any charitable unit whether supported wholly [illegible] Red Cross, or the Easter Seal Society.

(c) "human service transportation" means motor vehicle transportation provided on a nonprofit basis by a civic, charitable, or human service organization generally for the purpose of transporting clients or program beneficiaries in connection with prescribed human service programs sponsored by the organization. The motor vehicle may be owned, leased, borrowed, and/or contracted for use by the human service transportation provider.

(d) "nonprofit" as applied to human service transportation or volunteer transportation means motor vehicle transportation provided for purposes other than for pecuniary gain.

(e) "volunteer transportation" means motor vehicle transportation provided by an individual, company, firm, partnership, agency, or corporation under the direction, sponsorship, or supervision of a human service organization. The volunteers may receive an allowance to defray the expected cost of operating the vehicle but may not receive compensation for their time.

SECTION 4. *Classification of Transportation.* The forms of transportation defined by the above stated criteria are classified "human service transportation" and "volunteer transportation" for purposes of regulation, insurance, and general administration.

SECTION 5. *Inapplicable Laws and Regulations.* Human service transportation and volunteer transportation shall not be considered for-hire transportation, commercial transportation, or public livery. Thus, the following laws and regulations shall not apply to motor vehicles while being used for the purpose of human service transportation or volunteer transportation.

(a) Chapter _____, pertaining to the regulation of "for-hire" motor carriers or public livery. (*Public Utility Commission or Public Service Commission*).

SECTION 6. *Insurance for Volunteers.* Human service agencies are authorized to purchase insurance to cover volunteers when they provide volunteer service to a public agency.

SECTION 7. *Municipal Licenses and Taxes.* No county, city, town, or other municipal corporation may impose a special tax on or require a special license for human service transportation or volunteer transportation other than that customarily used or imposed on private passenger automobiles unless such tax or license is provided for by statute, ordinance, or regulation specifically addressing human service transportation or volunteer transportation.

SECTION 8. *Buses and State Vehicle Code.* A motor vehicle designed to transport sixteen (16) or fewer passengers and used in human service transportation or volunteer transportation shall not be considered to be a bus, a commercial vehicle, or a public livery vehicle while being used for such transportation. Chapter _____ (*state vehicle code*) relating to vehicle registration and equipment requirements shall be modified to reflect the intent of this act.

SECTION 9. *Safety Regulations.* The funding agency shall establish insurance and safety requirements which shall apply to human service transportation or volunteer transportation which it funds and shall submit such requirements for review (and approval) by the Department of ______________. (Material contained in parentheses is optional and may be omitted.)

To: Frank Davies in Tennessee
From: Ed Kearney

NATIONAL COMMITTEE
UNIFORM TRAFFIC LAWS AND ORDINANCES

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This document was prepared under a contract with the Federal Highway Administration. It has not been approved by the National Committee on Uniform Traffic Laws and Ordinances and is not part of its Uniform Vehicle Code.

September 4, 1979

MODEL STATE LAW TO REMOVE LEGAL IMPEDIMENTS TO RIDESHARING ARRANGEMENTS

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INTRODUCTION

Eighty percent of travel to work is by motor vehicle and most drivers commute by themselves. If drivers participated in ridesharing arrangements, it has been estimated that over 10 million gallons of gas would be saved each day and that rush hour traffic could be reduced by 30%. For these and other reasons, people should be encouraged to share rides to work and any law that unnecessarily impedes or discourages such sharing should be changed.

The National Committee on Uniform Traffic Laws and Ordinances is an independent, non-profit, voluntary association, which exists to maintain the Uniform Vehicle Code and Model Traffic Ordinance. The Uniform Vehicle Code is a specimen set of motor vehicle and traffic laws used as a guide by state legislatures, and the Model Traffic Ordinance is a companion document used by local legislative bodies. The National Committee is a carefully selected group of over 140 individuals representing federal, state and local government, private industry, and other groups interested in achieving sound, uniform motor vehicle and traffic laws. Since 1972, the National Committee has drafted texts of model laws in areas of emerging interest that are not covered by the Uniform Vehicle Code. The purpose of this activity is to have the best possible laws to test new ideas or to conduct programs necessary to solve new problems.

Under the title "Model Ridesharing Law" (dated March 26, 1979), the first draft of this document was distributed to more than 1,000 agencies and organizations for their review. Over 65 letters commenting on the first draft were received. These comments were summarized and a second draft dated June 15, 1979 was prepared and distributed to all persons who had commented on the first draft. The second draft, and letters commenting on it, were submitted to a Special Panel, which at a meeting on August 20-21, 1979, decided the contents of this document. The members of the Special Panel were: Senator Nat Washington (Chairman), Jack Derby (California Office of Ridesharing), Ken Dirkzwager (Minnesota Division of Driver and Vehicle Services), Bill Fortune (National Association of Vanpool Operators), Charles Gray (National Association of Regulatory Utility Commissioners), Tim Letzkus (Highway Users Federation for Safety and Mobility), Herb Scheuer (American Public Transit Association), and Mavis Walters (Insurance Services Office).

The preparation of this document was preceded by a review by the NCUTLO Staff of state laws which could impede forming carpools and vanpools. This review will be published under the title "Legal Impediments to Forming Carpools, Vanpools and Other Types of Ridesharing Arrangements." Using that review will enable each state to determine which of sections of this Model Law should be considered for enactment and will facilitate determining how the sections of this Model Law compare with laws in all jurisdictions.

§ 1. DEFINITION OF RIDESHARING

Section 1. Ridesharing arrangement defined.

Ridesharing arrangement means the transportation of persons in a motor vehicle where such transportation is incidental to another purpose of the driver. The term shall include ridesharing arrangements known as carpools, vanpools and buspools.

§ 2. MOTOR CARRIER LAWS

Section 2. Motor carrier laws do not apply to ridesharing.

The following laws and regulations of this state shall not apply to any ridesharing arrangement using a motor vehicle with a seating capacity for not more than 15 persons, including the driver:

(a) Chapter ..... pertaining to the regulation of motor carriers of any kind or description by the (Public Utilities Commission).

(b) Laws and regulations containing insurance requirements that are specifically applicable to motor carriers or commercial vehicles.

(c) Laws imposing a greater standard of care on motor carriers or commercial vehicles than that imposed on other drivers or owners of motor vehicles.

(d) Laws and regulations with equipment requirements and special accident reporting requirements that are specifically applicable to motor carriers or commercial vehicles.

(e) Laws imposing a tax on fuel purchased in another state by a motor carrier or road user taxes on commercial buses.

§ 3. WORKMEN'S COMPENSATION LAWS

Section 3. Workman's compensation law does not apply to ridesharing.

Chapter ..... providing compensation for workers injured during the course of their employment shall not apply to a person injured while participating in a ridesharing arrangement between his or her place of residence and place of employment or termini near such places, provided that if the employer owns, leases or contracts for the motor vehicle used in such arrangement, Chapter ..... shall apply.

§ 4. LIABILITY OF EMPLOYER

Section 4. Liability of employer.

(a) An employer shall not be liable for injuries to passengers and other persons resulting from the operation or use of a motor vehicle, not owned, leased or contracted for by the employer, in a ridesharing arrangement.

(b) An employer shall not be liable for injuries to passengers and other persons because he provides information, incentives or otherwise encourages his employees to participate in ridesharing arrangements.

§ 5. INCOME TAXES

Section 5. Ridesharing payments are not income.

Money and other benefits, other than salary, received by a driver in a ridesharing arrangement using a motor vehicle with a seating capacity for not more than 15 persons, including the driver, shall not constitute income for the purpose of Chapter ..... imposing taxes on income.

Comment: Excepting income received by a driver in smaller ridesharing arrangements from taxes will avoid keeping records. Such a record-keeping requirement is perceived as an impediment to forming carpools and vanpools.

§ 6. MUNICIPAL LICENSES AND TAXES

Section 6. Municipal licenses and taxes.

No county, city, town or other municipal corporation may impose a tax on, or require a license for, a ridesharing arrangement using a motor vehicle with a seating capacity for not more than 15 persons, including the driver.

§ 7. OVERTIME AND MINIMUM WAGE LAWS

Section 7. Overtime compensation and minimum wage laws.

The mere fact that an employee participates in any kind of ridesharing arrangement shall not result in the application of Chapter ..... (laws requiring payment of a minimum wage, overtime pay or otherwise regulating the hours a person may work).

§ 8. BUSES AND STATE VEHICLE CODES

Section 8. Certain ridesharing vehicles are not commercial vehicles or buses.

(a) A motor vehicle used in a ridesharing arrangement that has a seating capacity for not more than 15 persons, including the driver, shall not be a "bus" or "commercial vehicle" under the portion of Chapter ..... (state vehicle code) relating to equipment requirements or rules of the road.

(b) A motor vehicle used in a ridesharing arrangement that has a seating capacity for not more than 15 persons, including the driver, shall not be a "bus" or "commercial vehicle" under the portions of Chapter ..... (state vehicle code) relating to registration.

(c) The driver of a passenger car (motor vehicle that has a seating capacity for not more than 10 persons, including the driver) used in a ridesharing arrangement is not a "chauffeur" nor is he transporting persons for compensation under the driver licensing portions of Chapter ..... (state vehicle code).

Comment: As to "passenger car" in subsection (c), Uniform Vehicle Code § 1-142 defines this term as a motor vehicle designed to carry 10 passengers or less that is used to transport persons.

§ 9. USE OF PUBLIC VEHICLES

Section 9. Use of public motor vehicles for ridesharing.

Motor vehicles owned or operated by any state or local agency may be used in ridesharing arrangements (for public employees). Participants in any such ridesharing arrangement shall pay the actual total costs of using the vehicle in that arrangement.

Comment: States should enact the phrase in parentheses if they decide to allow only public employees to ride to work in vehicles owned or leased by government agencies.

MISCELLANEOUS TOPICS

Incentives

Several people commenting on the "Model Ridesharing Law" recommended the enactment of incentives that would increase sharing rides. While this subject is definitely worthy of consideration, it was deemed beyond the scope of this document.

Cost and availability of insurance

A problem for forming ridesharing arrangements in the past has been the cost and availability of insurance, particularly for vanpools.

Mandating coverage. The Special Panel considered a section which would have prohibited insurers from increasing premiums, cancelling any policy or denying coverage because a motor vehicle is used in a ridesharing arrangement. Members of the Panel unanimously agreed that this approach could be counter-productive and could even result in higher premiums for vehicles used in pooling arrangements. The Panel also thought that enactment of the sections in this document coupled with recent developments in the insurance industry should solve this problem.

No fault benefits. In states where economic losses caused by injuries in crashes are compensated on a no-fault basis, consideration of the source of such compensation in accidents involving ridesharing vehicles should be considered. There may be some reduction in insurance premiums for ridesharing vehicles if the occupants are compensated by their own insurers rather than the insurer of the owner of the vehicle.

Deduction of expenses by employer

The Special Panel considered a section which would allow employers to deduct the costs of "promoting, organizing, administering and operating" ridesharing programs as ordinary business expenses. The Panel's view was that providing for such deductions in state income tax laws was unnecessary because employers already could deduct such costs as ordinary business expenses. And inclusion of the cost of operating vanpools might allow employers to write off the cost of acquiring vans on an accelerated basis.

Parking facilities

Several people commenting on the first draft recommended that this Model Law contain sections that would facilitate establishing lots where people could park their cars and continue their journey to work or sporting events in ridesharing arrangements or by using public transit. The Panel did not regard problems in this area to be impediments to most ridesharing arrangements but it did agree that it would be helpful to alert states to possible existence of problems in establishing such lots.

Use of public funds for parking lots located on private property. If the owners of a parking lot in a shopping center agree to allow commuters to park cars in their lot, there probably should be authority to expend public funds to indicate the existence of the facility and to pay the cost of any extra maintenance that may be necessary.

Liability issue. Owners of private property who allow commuters to park probably should be liable for injury or damages to such users only when the owners are grossly negligent. Another approach would be to authorize purchasing insurance to cover any such liability.

Tax-exempt status. If a church allows commuters to park in its lot, it may be necessary to provide that such use of its property does not affect its tax-exempt status.

Mr. Mineta. Thank you very, very much.

We will now break for lunch and reconvene at 1:45.

[Whereupon, at 1:10 p.m., the subcommittee was recessed.]

AFTERNOON SESSION

Mr. Mineta. The subcommittee will reconvene.

At this time, I would ask the very distinguished secretary of the Florida Department of Transportation, Mr. Rose, to come forward please.

Mr. Secretary, we are pleased to have you with us, and we do have a copy of your testimony. If you would, go ahead and proceed in your own fashion.

TESTIMONY OF WILLIAM N. ROSE, SECRETARY OF TRANSPORTATION, FLORIDA DEPARTMENT OF TRANSPORTATION, TALLAHASSEE, FLA.

Mr. Rose. Mr. Chairman and members of the committee, I appreciate this opportunity to represent the State of Florida in presenting testimony to you on steps taken or planned by Florida to maintain mobility for its citizens and visitors in an era of increasing financial, environmental, and energy constraints.

Recognizing the serious implications of the three related problems of limited energy supplies, rising transportation costs, and declining transportation revenues, Governor Graham requested the Florida Department of Transportation to critically review its programs in light of the new realities. The purpose of the review was to highlight existing programs which justify continuation or enhancement and to identify new programs specifically tailored to meet the real transportation needs of the 1980's and beyond.

We reached several predictable conclusions: Highways are a critical element of the total transportation system; therefore, we must complete our Interstate System and maintain, and where appropriate, expand our existing road network.

Transit systems provide an alternative to the private automobile, but so do paratransit services, automated people movers, taxis, vanpools, carpools, motorcycles, bicycles, and walking; a cost-efficient, energy-efficient transportation system must include all of these elements.

Each of these transportation systems must not only be built and maintained, but also managed for maximum energy-efficiency and cost-efficiency. Maintenance and expansion of present systems and development of new ones will be very expensive and current revenue sources, both State and Federal, will fall far short of meeting the need; therefore, new revenues must be identified and secured.

Maintenance of a high level of personal mobility is essential to maintenance of the American lifestyle and to the continued economic development which supports that lifestyle. Conservation is as important as consumption is inevitable. Our responsbility is to encourage and assist conservation efforts while changing the nature and volume of consumption. Transportation systems, properly planned, implemented, and managed, can go a long way toward achieving the otherwise mutually exclusive goals of reduced consumption and expanded mobility.

Achieving these goals is of paramount importance to the United States, and that importance is magnified in the State of Florida. Our population, our cities, and our economy are growing, not declining. Our population mix includes a much higher than average percentage of older citizens, less able physically and financially to depend on private automobiles and therefore more dependent upon other forms of public transportation.

Our climate is agreeable, which means that when our visitors are not burning heating oil in the frozen North, they are burning gasoline to visit our beaches. Tourism is the base of our economic pyramid, and we welcome our visitors as warmly as they look forward to their annual return to their vacation home.

For all of these reasons, we recognize our responsibility to lead the way in this country's struggle back to energy independence and toward true freedom of choice in transportation. We intend to provide the necessary variety of energy efficient transportation systems and programs to afford that freedom of choice. The following discussion illustrates some of the programs underway and/or planned to make the choice a reality.

CURRENT PROGRAMS

A public transportation partnership with local government agencies has been the goal of Florida's Department of Transportation in its 10-year existence.

Initially the department's objectives were to save faltering public transportation systems, replace antiquated equipment and provide technical expertise in improving public transportation operations throughout the State.

The department provided financial support in the form of one-half the non-Federal share of capital costs for equipment and facilities. This resulted in yearly "buy the bus" programs which have allowed each of the State's 24 public transportation systems to acquire essentially new fleets.

As the State's public transportation system evolved and local systems began to stabilize, it became apparent attempting innovative approaches to public transportation were "luxuries" the local system could not afford without additional State help. To assure continued progress in the revitalization of Florida public transportation, the department began developing service incentive programs. While this mass transit evolution took place in Florida, the Federal Government was developing supplemental programs designed to satisfy additional public transportation needs.

The combined thrust of Federal and State efforts resulted in the eight special transit programs now operating in Florida with support from Federal, State, and local governments: Service development, State bus fleet, high occupancy vehicle lanes, ridesharing, people mover systems, rapid transit, service to the elderly and handicapped, and small urban and rural transit.

SERVICE DEVELOPMENT

Transit service improvements—including new or extended routes, fare changes, marketing strategies, improved schedules or improved equipment—are funded for a 2-year program by Florida DOT, which provides both technical and funding assistance.

A 1970 service development project on routing and fares for Clearwater resulted in formation of the successful Central Pinellas Transit Authority. In 1974, the Fort Myers-Lee County Transit system had its start as a pilot service demonstration program. A second service demonstration project in 1977 dramatically increased Lee County system ridership.

In the last fiscal year, Florida DOT had 10 service development projects underway and plans to perform at least two service development projects, designed to support the new Federal small urban and rural transit program, annually.

STATE BUS FLEET

A laboratory on wheels approach to transit planning and expansion is provided through use of the department's fleet of 42 buses and 2 service vehicles.

State buses generally are leased to local transit authorities to use in service development projects. However, their use has been multiple: They have saved a faltering transit system in Key West, demonstrated new routes in Tampa and elsewhere, provided emergency service when a lengthy bridge was damaged by an errant barge, as well as more mundane service in existing systems.

Use of leased State buses permits local government, often uncertain of the need or desire for new or expanded transit service, to experiment without committing funds to capital equipment or facilities.

HIGH OCCUPANCY VEHICLE LANES

The goal of high occupancy vehicle—HOV—lanes is to optimize use of existing highway facilities—improving safety, mobility, capacity and energy conservation through preferential lane treatment for buses, vanpool, and carpool vehicles.

Florida's initial HOV lanes were on U.S. 1 and I–95 in populous Miami. The I–95 experimental HOV program was so successful the HOV lanes will be extended northward to Boca Raton, with the 41-mile long HOV project becoming the country's longest. Estimated cost of the new HOV lanes, with related parking facilities, is $127 million.

New HOV lanes on I–4 in Orlando opened last year with additional work continuing on that interstate. Additional HOV facilities are planned in Jacksonville, Tampa, Pensacola, and other urban locations in Florida.

RIDESHARING

Preferential lane use is not the only method being used by Florida to promote ridesharing. A computer program has been developed for an employer-sponsored carpool-vanpool program. The computer produces printouts telling employees the most direct public transit route from home to work and potential carpool sharers within the home area and a printout for the employer informing him of potential vanpools.

Ridesharing coordinators have been named in several of our districts and, after training by the consultant who developed the computer program, are working with local employers on ridesharing programs.

Florida DOT officials have met with representatives of the automotive industry to determine best methods for purchase of vans for ridesharing.

PEOPLE MOVER

Increasing interest in people mover systems is warranted as operating deficits mount on labor-intensive bus systems.

People movers, which operate without drivers or motormen, can provide efficient and economical transportation operating between two points on a single or double track or operating on a loop route which may serve several intermediate points.

People movers already operate in Florida at Tampa International Airport, Disney World, and Busch Gardens. New people movers are planned at the expanded Miami International and new Orlando International Airports.

Five Florida cities were among 38 in the Nation seeking special Federal Urban Mass Transportation Administration demonstration funds in 1976.

While no Florida city was selected for the demonstration, Miami was authorized to use a portion of funds earmarked for rapid transit development to build a 3.7 mile people mover system, estimated to cost $83 million.

Jacksonville was one of the "second tier" cities and is continuing feasibility studies on a proposed 1.9 mile system to link a medical center, junior college, central business district, and high-density residential area.

RAPID TRANSIT

In 1979, construction began on Florida's first rapid transit system, Miami's metrorail. First phase of the system will be 20.5 miles linking 20 stations serving residential, industrial, and commercial areas of Miami-Dade County and linking with the downtown people mover system in the central business district. Estimated cost of this first stage of metrorail construction is $795 million.

TRANSPORTATION FOR THE ELDERLY AND HANDICAPPED

Florida has a unique tripatite agreement between the State's departments of transportation, health, and rehabilitative services, and community affairs promoting coordination in planning, and providing transportation to the elderly, handicapped, or disadvantaged. The 1979 legislation formalized this partnership, naming the secretaries of the three departments to serve on a transportation coordination council with representatives of the community action agencies, senior citizens, and handicapped persons. Under the law, Florida's transportation department is the lead agency in planning and coordinating tansporation service for the elderly and handicapped.

The department already had formulated specifications for vehicles obtained under section 16(b)(2) funding for nonprofit organizations, assisted these organizations in applying for funds and provided a comprehensive listing of funds available for elderly and handicapped transportation service.

One of the most striking growth trends in Florida is the major increase in the percentage of the State's population 65 years of age or older. Increased demands for transportation service for the elderly must be anticipated by Florida.

SMALL URBAN AND RURAL TRANSIT SYSTEMS

The Surface Transportation Assistance Act of 1978 apportioned Federal funds for capital and operating costs of transit service in areas with populations under 50,000.

While the Federal funding for small transit systems is new, Florida has worked with systems in nonurbanized areas. The success story for Florida has been the Suwannee Valley Transit Authority serving rural Suwannee and Columbia Counties, bringing the rural disadvantaged within reach of employment and social services.

However, the Suwannee Valley transit system points out the problems of such small systems as well as potential benefits.

The Suwannee Valley transit system has used funds from HEW, FHWA, and Florida DOT to continue and improve operations. Now a new source of funds is available. Hopefully Federal funding for transit in nonurbanized areas will continue, providing a reliable source of funds. A continuing problem will be convincing local governments to invest very limited tax revenue to provide the local share of funding for such systems.

ALTERNATIVE FUEL PROGRAMS

While these eight programs are our service-oriented transit programs, we also are working with other technologies and projects to conserve energy and maximize use of existing facilities.

A proposed program to convert diesel-powered transit buses for methanol fuel has been prepared by Florida. The proposed progam now is being analyzed by a consultant who will implement the experiment.

TRAFFIC CONTROL PROGRAMS

A computerized traffic control system, which on its completion in 1984 will synchronize signals at approximately 1,800 intersections in Miami-Dade County, now is 42-percent complete, with 800 intersections already controlled by the master computer. To date $42 million has been spent on the system with $80-million projected as a total system cost. Already a 25-percent reduction in traveltime and a 16-percent saving in gasoline use has resulted from the system.

In Jacksonville, improvements in traffic signalization are being tied to two concentric rectangles, formed by one-way pairs of streets, which will serve the Jacksonville core area. The traffic improvements are being coordinated with redevelopment of the downtown area, with approximatly $12 million in Federal and State transportation funds invested in traffic signal improvements, street widening and beautification. An additional $8 million to $10 million will be required to complete the project.

Traffic operations personnel from the Florida Department of Transportation are working with urban traffic engineers analyzing need for existing traffic signals, with removal slated for signals which needlessly impede traffic flow.

These improvements will provide increased mobility for transit vehicles, as well as private vehicles.

FLEXTIME

The State and its agencies have taken a leadership role in flextime. After a trial program involving two of seven district offices, the Florida Department of Transportation expanded its modified flextime work schedule statewide. Flextime is designed to ease peak traffic congestion through a change in the routine 8 a.m. to 5 p.m. work hours.

Since early in the 1970's the department has encouraged the 4 day 40-hour workweek for crews whose jobs assignments require extensive travel. This includes striping and survey crews as well as some other maintenance groups. While this program began to save money, it also has saved time and fuel as trips between assigned work station and field location are reduced from 10 to 8 weekly.

PROPOSED PUBLIC TRANSPORTATION PROGRAM 1980 AND BEYOND

The 1980 Public Transportation System in Florida is represented by 22 urban bus systems, 3 rural transit systems, 136 public airports of which 20 are major commerical facilities and the remainder general aviation facilities, 6,000 miles of rail lines which serve both freight and a minimal passenger service and intercity bus system that provides links to all points in the Nation, a system of 14 deep water ports, 13 shallow ports, and 4 river ports which provide worldwide links in goods movement and some minor passenger movements and a major fixed guideway system that is nearing the construction phase and two fixed guideway downtown people mover systems that are in the preliminary engineering stages.

Public transportation in Florida is not unlike public transportation throughout the Nation. It experienced a steady decline from its peak in the 1940's to its lows in the late 1960's and early 1970's. Since that time urban bus systems have succeeded in checking the steady decline that was previously experienced and all are showing positive increases in ridership and service. Florida's aviation has been growing at a rate that exceeds 10 percent per annum over the past two decades.

Florida's railroads are barely economically viable. They, with the rest of the railroads throughout the Nation, experienced the lowest return investment rate of any of the transportation elements.

Florida's intercity bus system has experienced a steady decline in ridership and a steady increase in operating costs which places it in a precarious position. Florida's seaport system is viable with general cargo increasing at an annual rate of 4.1 percent and bulk commodities increasing at an annual rate of 1.4 percent. These increases are expected to continue through the year 2000.

The work trip imposes one of the greatest workloads on Florida's transportation system—3 to 5 percent of all work trips that occur daily take place on a surface transit system. The remaining 95 to 97 percent of the work trips are accommodated by the private automobile. Historically, 85 percent of the tourists that visited Florida arrived by automobile. Over 10 percent arrived by air and the remainder by intercity bus, rail and water. Recent analysis of the tourist traffic to Florida indicates that the numbers of people arriving by automobiles are slightly declining and those arriving by air are dramatically increasing and the numbers arriving by the other modes are essentially constant.

Florida's public transportation system has evolved to its present state in an environment where fuel was plentiful and relatively cheap, an environment wherein the private automobile represented the flexibility, security and status desired by the general public and in an environment where heavy Federal funding favored the Nation's road system and consequently the private automobile.

The advent of sharply increasing costs of transportation fuels and the potential for limited supplies of petroleum fuels has caused a need to rethink our transportation system and the mix of the modes within it. The potential for public transportation to provide a level of mobility with less energy consumption requires that a major emphasis be put on pubic transportation from this point forward. This will require significantly higher investments in public transportation at the local, State, and Federal levels. Financial capacity at the local level where most public transportation is operated represents the most severe limitation on increased public transportation emphasis. Technological improvements are under development which would further enhance public transportation as a means of mobility in an energy constrained environment but technology exists today that could support a major emphasis in public transportation.

PROGRAM OBJECTIVES

First, preserve and increase mobility. Florida's highly mobile society is dependent upon preserving at least the level of mobility we concurrently enjoy and hopefully increase the level of mobility to satisfy our future desires. Tourism in Florida is dependent upon today's level of mobility and any increase in tourism would be dependent upon an increased level of mobility in the future.

Florida's work force is dependent upon today's level of mobility and any increase in Florida's work force in the future would require an increased level of mobility. Florida's economic well-being in general is dependent upon the transportation systems that serve it.

The level of mobility we presently enjoy in Florida is dominated by the private automobile. The private automobile can fulfill the recreation trip, the work trip, the business trip, the health trip, and the shopping trip. Of these the work trip, the health trip, and the shopping trip lend themselves to being fulfilled in a satisfactory manner by surface public transportation. Ridesharing can dramatically increase the efficiency of the auto mode with essentially the same effectiveness.

Many business trips are and will continue to be satisfied by the aviation mode of public transportation.

Urban recreational trips will probably be continued to be accomplished by the private automobile, however, intercity recreational trips—tourism—can be served by surface and air public transportation modes as well as private automobiles. A primary objectives of the proposed program is to provide alternatives to the automobile for every traveler in Florida.

The program is based on providing public transportation for 20 percent of the work trips by 1995. The program also includes a fixed guideway rapid transit system for our major urban areas by 1995 to supplement existing bus systems. A high-speed rail network that links each of the major cities within Florida as an alternative intrastate distribution system is being studies for possible long-range programing.

Improvements to existing airports and construction of new airports is included in the program to assure capacity exists for the ever-increasing numbers of tourists arriving by air. Water transport demonstration projects are also included in the program, however, the energy intensive nature of watercraft as well as the inherent maintenance/reliability problems associated with water transport technology precludes a detailed implementation of this mode at this time. Technological advances may well cause this mode to emerge as a viable link in our public transportation by the year 2000.

Second, optimized transportation energy efficiency. The preservation and/or increasing of today's level of mobility obviously requires the consumption of energy for transportation purposes. Transportation energy must therefore be used in an optimum manner if it is to support a concerted energy conservation program. The movement of high volumes of people and the least number of fuel or energy consuming vehicles would represent that optimization.

Public transportation provides that opportunity. For instance, the proposed program is designed such that by the year 1995 20 percent of the work trips will be satisfied by public transportation. That represents an appoximate sevenfold increase in public transportation usage for the work trip purpose. Using statistics available in the State energy office, it can be shown that this increase in public transportation usage for the work trip would save approximately 250 million gallons of fuel each year. If we are to assume that there will be less inclination on the part of the tourists arriving in Florida to use the private automobile then we must encourage them to use other modes of public transportation.

The most acceptable mode to the tourists is the air mode. A 10-percent shift from the automobile to aviation would represent a 100-percent increase in aviation travel usage. This would amount to approximately 10 million tourists and again using statistics available in the State energy office, would result in an annual savings of automobile gasoline of 70 million gallons. A 20-percent shift of autoborne tourists to the aviation mode would result in a 140 million gallon annual auto gasoline savings.

In the rail mode, the primary energy saving feature to it would be a short haul trip—a commuter operation between high population work/living centers such as the West Palm Beach, Fort. Lauderdale, Miami corridor. The energy savings of each commuter rail operation can be computed utilizing the characteristics peculair to each operation but would result in an annual savings of motor fuel for approximately 60 to 80 million gallons.

Third, economic development. Transportation systems have always been a key element in the promotion and/or support of economic development in any area. The role of public transportation in the economic development picture for Florida has been somewhat limited in the past. The enhanced program for public transportation envisions a leadership role in economic development in Florida. Urban bus systems when properly designed provide a network of transportation for manufacturers and employees to get to their places of living to places of work.

Fixed guideway systems such as rapid transit and downtown people movers provide even a higher level of transportation for the same purpose. Commuter rail operations provide the potential for work forces living some distances away from worksites to be able to travel between their places of work and places of living. Stations and terminals at intermediate points along public transportation lines provide the potential for business and residential development

The high-speed rail system being considered by Florida, provides the potential for high-speed, economical, and energy efficient transportation of Florida travelers. This includes the citizens of Florida and the transport of tourists within the State of Florida to the various attractions that are available for their use. This high-speed ground transportation system would also facilitate business travel within the State as an alternative to both the private automobile and air.

Revitalization of some of the lesser used rail lines in Florida which is also a part of this program provides an additional shipping capacity that will attract more business to Florida. The urban rail relocation part of the rail program will also move rail out of congested urbanized areas to allow railroads to operate more safely, efficiently, and effectively which will enhance their economic viability as well as providing the potential to attract new users to our vital rail network.

The proposed aviation program is directed at both commercial aviation and general aviation which each have their own economic development characteristics. The commercial aviation aspect of the program is designed to assure that all improvements at all commercial airports are made such that they will maintain optimum capacity for processing Florida business, recreational, and tourist trips. The commercial aviation aspect of the program contributes to the overall economic development of the State. The general aviation aspect of the program is more site specific. The availability of general aviation facilities for business aircraft is becoming a hard fast criteria for location of the new Florida businesses. Local communities in Florida must have adequate and proper general aviation airports if they are to attract desired business relocation to Florida.

PROPOSED SURFACE TRANSIT PROGRAM, 1980–95

During the next 15 years a major emphasis will be put on fixed guideway systems in our urban areas. It is estimated that it will take 5 years to perform studies and engineering so that construction can commence around 1985. Systems will become operational in the 1990's. Funding demand will peak in the early 1990's.

A major expansion of bus systems will supplement the rail system in major urban areas and provide a total reliance on bus systems in other urban areas. Organized efforts will be directed to ridesharing and high occupancy vehicle (HOV) treatment to supplement bus and rail transit during peak hours. Costs shown for ridesharing and HOV include capital costs for vans and park and ride lots and operational costs for HOV lane operations.

It may also be necessary to develop some monetary incentives to bus and van pooling, but this can be funded from funds available for operating assistance. The present statewide bus fleet will be expanded to four times its current size to provide a work trip alternative to the private automobile. This activity can commence immediately, so the cash requirements have been leveled out over the 15-year program. Support facilities funding requirements parallel the expansion of each bus system and are therefore flowed over the 15-year program.

Operating assistance is required for any expanded public transit program. Local capability to support the operation of transit systems is the primary factor that limits the size of the system. All local communities are extended to the financial breaking point at present. In many instances, local funds are not available to match available Federal funds, so each additional State or local dollar would have the effect of purchasing $5 worth of service.

It is necessary that particular emphasis be placed on the small urban and rural transit systems during the program period. At present, there is little or no service in these areas, so most systems must be totally developed rather than improving on an existing system. Much effort must be directed to the design and operation and management of these systems in order to provide the service at an economically feasible cost.

A special program of bikeways is also included which will consist of 600 miles marked on existing roadway pavement and 500 miles of entirely new and separate pavement.

The enhanced surface transit program is based upon the following assumptions:

One, present technology—marginal improvement.

Two, 1979 prices.

Three, desirable to reduce number of automobiles in densely populated areas and congested travel corridors.

Four, total trips remain at 1979 level or increase.

Five, present modal split, peak-hour commuter, 95 percent auto; 5 percent transit.

Six, target modal split 1995, peak-hour commuter, 80 percent auto; 20 percent transit.

Seven, 5-year minimum lead time, design, and so forth, required for major construction.

Eight, Federal funding will be available at present participation ratios; timing of availability will not always coincide with need.

Nine, water will not be a primary element but full use of the many waterway corridors will be used to support and supplement other elements of the system.

Ten, system will consist of both publicly owned and privately owned carriers.

Eleven, factors such as energy availability and cost—government policy—will continue to positively reinforce human factors associated with shift from private auto to transit, psychological, cultural, and so forth.

Twelve, system directed primarily toward movement of people.

[Submitted material dealing with aviation, water transportation, intercity rail, and bicycles, plus budgetary information, is retained in the subcommittee files.]

Mr. ROSE. Gentlemen, I have presented you with testimony that details specifically the areas I have touched on in my overview. I have looked at the attachments to my presentation in detail, how we plan to phase those programs in over the next 10 years, and I would be glad to respond to any questions you have.

I would like to leave you with two thoughts. There are some congressional issues that I hope you would very seriously consider.

First is the funding of the Interstate System. In Florida the completion of the Interstate System is vital to our transportation needs. The 1978 Surface Transportation Act provided that we have those projects under construction by 1986, and we have developed the engineering and the capability to produce the work to accommodate that deadline established by Congress.

We have the State funding set aside in a program to accommodate the matching funds required to meet that interstate deadline imposed by Congress; however, I'm concerned that under present funding formulas and apportionment practices it looks like about half of the remaining interstate in Florida will not be under construction by 1986 because the Federal portion of those funds will not be available.

I would hope that a way could be found to fund the deadlines established in the 1978 Surface Transportation Act. This certainly would be a great help to the State of Florida.

The other item I would like to call to your attention is the fact that it would be very helpful to us as we develop energy efficient transportation alternatives to have less restriction on how we use Federal funds. We have situations in some of our more congested areas where transportation funding should go for the enhancement of public transportation, should go for the improvement of the road and street system to accommodate public transportation; I have other areas of the State where the need is primarily for resurfacing of more rural type roads, and in some instances for the construction of new roads.

There are other areas of the State where the problem is one of access to airports, and even the improvement of some airport facilities. I find our programs strained significantly by the different funding mechanisms for highways, for airports, for public transportation, for whatever. It makes it very difficult to respond to specific needs in specific areas of the State and still maintain the integrity of the funding categories that are established by the Federal highway administration, through UMTA, through HEW, the various mechanisms for providing funding of transportation.

Gentlemen, I appreciate the opportunity to have been here today. If your staff has any detailed questions on the testimony, the written testimony I have presented, I would be glad to respond at a later time or provide whatever information you need.

Mr. **Mineta**. Thank you, Mr. Secretary. Thank you very much for a very complete statement with the backup material outlining how the State intends to implement the various aspects of this comprehensive program.

You talked about 20 percent of the work force being carried by transit. That seems to be a very, very ambitious program, and I was interested to hear you say that the State provides 50 percent support of capital cost——

Mr. **Rose**. Fifty percent of the local share.

Mr. **Mineta**. Of the local share, but that's still——

Mr. **Rose**. UMTA provides 80 percent of the cost, and we provide the rest. You know, it's actually 10 State and 10 city.

We also are permitted to provide operating assistance to local jurisdictions when they initiate new service; we will provide operating assistance to a local transit authority or transit system for up to 2 years on any new routes or any new service initiated, we will provide up to 50 percent of the operating costs. But State law prohibits us from being involved in operating assistance beyond that first 2 years.

Mr. **Mineta**. What about the inland waterway. Is that at all usable for transportation purposes?

Mr. **Rose**. No; it's usable for freight traffic. I think there's some question as to the economy of using it for the movement of people. I think we will see more and more use of certain portions of the inland waterway for freight traffic. Right now many of the utility companies are considering the use of the inland waterway for the movement of coal down the Mississippi, along the gulf coast, and then to Florida cities and various plants that are located along the inland waterway. We will probably see a lot of coal moving through the waterway.

Mr. **Mineta**. You use the phrase railbacking. What is railbacking?

Mr. **Rose**. Well, what we have done in those instances where rail lines are going to be abandoned, particularly in urban areas, we will buy up the right-of-way rather than have the railroads sell it to private companies so that that right-of-way for urban areas remains protected with the idea that we may use it in the future for transportation purposes. We will bank that right-of-way. We may use it for rapid rail in the future. It may be converted into some sort of pipeline or powerline, or even an additional road or highway facility.

Florida has a number of rail lines that are being abandoned by the Coast Line and others. We are trying to buy them up as fast as we can.

I'm sure you realize in most of our urban areas the cost of highway construction and road and street construction, in many cases the biggest single element is the cost of right-of-way where land values are so terrifically high.

Mr. **Mineta**. Florida is impacted I guess more so than any other State in two areas. One, it's senior citizen population and, second, tourism.

Mr. **Rose**. That's right.

Mr. **Mineta**. As far as the 22 or 24 operating districts, transit districts, are they—to what extent are they accessible to the elderly and handicapped?

Mr. **Rose**. Well, most of them are in the urban areas. For example, the St. Petersburg transit system serves a large number of elderly and for one reason or another transportation-disadvantaged persons, and one of the things that we have found as we increase the availability of public transportation services in St. Petersburg, is that the ridership continues to grow, but we're not necessarily reducing the number of people driving automobiles. What we are doing is making transportation available to elderly or handicapped people that didn't have any transportation, so now that the bus route is at the end of their street or their apartment complex or whatever they're riding the bus.

Mr. **Mineta**. Is that being provided on a demand response system, or is that where your buses are being made accessible?

Mr. **Rose**. In those instances it's a regular line-haul route that would just increase the availability or the number of routes and the location of those routes.

Mr. **Mineta**. They're not necessarily kneeling buses or buses with lifts or anything else, it's just an increase in the number of units available?

Mr. **Rose**. That's right.

Mr. **Mineta**. And the routes that are being expanded?

Mr. **Rose**. Yes. I will say one thing. In Florida we feel that we can better accommodate the transportation disadvantaged in many cases not with buses with special lifts, the kneeling buses and so on, for the real problem is getting the citizens from their home to the bus line. There are a lot of rural areas where there are no sidewalks, the soil in Florida is sandy, a wheelchair or someone with a cane or a walker has difficulty in walking along the side of a street that doesn't have a sidewalk. We have found we have to provide a lot of local service for handicapped people. They simply can't get a wheelchair or a cane or a walker or something like that down to the corner bus line.

Mr. **Mineta**. As far as your relationship with DOT or UMTA, what program areas would you find the biggest problem areas other than completion of the interstate?

Mr. **Rose**. Well, of course, completion of the interstate is a significant item, and the only other problem I have is the effective use of funds, the effective use of Federal funding. I feel that there are constraints on that funding as to were it's used or what it's used for that does not necessarily permit us to respond to the specific needs within the State, but I have no particular problems in dealing with those agencies. As a matter of fact, I have to say that I think we have a very good relationship with both the Department of Transportation and all its agencies, with FHWA, with UMTA and everyone we deal with; we have no problems. We have good representatives in Tallahassee, and I have found the officials of those agencies to be very accessible in Washington, I can see them, I can talk to them any time I need to and usually we can resolve any problems we have.

Mr. **Mineta**. Thank you. Mr. Stangeland?

Mr. **Stangeland**. Thank you, Mr. Chairman.

Mr. Rose, you addressed the transportation needs of the elderly and handicapped. You have touched on how you best handle it, but do you have any more elaboration? Do you have problems with the section 504 regulations in that regard?

Mr. ROSE. Certainly. You have probably received testimony that I would just be duplicating. I think the provisions are somewhat restrictive. I think we can accommodate elderly and handicapped needs—in some cases by a door-to-door service as opposed to the need for a special retrofitting of line haul buses. Of course, we also have some problems in rural areas—some of the union wage rate requirements and so on in providing for rural transportation combinations.

Mr. STANGELAND. You addressed small urban and rural transportation systems. I'm wondering, do you subsidize fares in those systems at all?

Mr. ROSE. We do for a period. When we are initiating a new system we have the capability to subsidize fares for 2 years. After that 2-year period the State is prohibited from putting any State funds into that system.

I will be proposing some chages to that legislation, and the Governor will be supporting those changes, but I can't do it without legislative action.

Mr. STANGELAND. Up to what level are you allowed to subsidize?

Mr. ROSE. We go up to 50 percent of the operating cost of the system. But the whole idea of the operating assistance, what we are permitted to do now, is to develop new service, and once it's developed and running, then we pull back and those funds have to come from some other source.

Mr. STANGELAND. I believe you have three small systems. Are those three systems all beyond the 2-year eligibility subsidization?

Mr. ROSE. I think we have two of them that are still being subsidized to some extent.

Mr. STANGELAND. I see. I was curious to know how they do once they get off subsidy.

Would you care to comment on Professor Davis' suggestion that more reliance be placed on private providers?

Mr. ROSE. I agree wholeheartedly with what he said. I did not indicate in my testimony that we are using private enterprise in every instance that we can, but I think that you should know that it's the Governor's policy, it's my policy and the State department of transportation will use private enterprise every place it possibly can; our overall objective will be to reduce the reliance on State forces to perform public service or public transportation services, and in every case we can we rely on private industry.

In some instances this requires legislation, and where it does we're proposing that legislation to our State legislature. In those instances where I have the authority to move without legislative action I'm doing it.

I agree with his statement that the department of transportation essentially should be a rather small group of highly competent engineers and technicians and administrators that are essentially determining the need and determining how best to fill that need rather than to be physically providing for it themselves.

Mr. Stangeland. You also address flex time as part of the solution of the problem in the State. To what extent have private employers adopted flex time, and what incentives exist to making the adoption of flex time attractive?

Mr. Rose. The department of transportation has adopted a flex time policy throughout the State in all of its offices, and many of our routine work operations are on a 4-day week, four 10-hour days rather than five 8-hour days.

Mr. Stangeland. Has that been adopted?

Mr. Rose. I want to point out that in some urban areas that philosophy of flex time or a 4-day week has been implemented. I really had nothing to do with it. It's really more of a local response to the development of vanpools, carpools and to accommodate faster movement of people before or after the normal work shift. Most of that has not involved my department.

Mr. Stangeland. Is there anything we as a government can do to encourage private employers to adopt flex time? Is there anything we can do to make it attractive to level off-those peaks?

Mr. Rose. Well, quite frankly, I don't think there is anything the Federal Government needs to do to promote flex time or off peak hours. I think it's a function of the local jurisdiction, and if there is any outside influence required I would think that we could do it by taking some measures to reserve high occupancy vehicle lanes for the vanpools that are flex time or off-peak hours and get them out of congested areas as fast as we can.

I don't know that Federal legislation is required. Your high occupancy vehicle lane program is very attractive.

Mr. Stangeland. How quickly could Florida react to a dramatic reduction in fuel availability, and what steps would you take?

Mr. Rose. Well, I would think that given a couple of years to get my bus program underway and to let us continue the development of our van and carpooling programs, I think we could react very quickly.

I spoke about the insurance program, the insurance we have. We will be able to increase our bus system about fourfold and accommodate up to 20 percent of the work trips, but we have another tremendous insurance policy in those three empty seats in every car.

Our intent is to be in a position to support the combination of vanpooling, carpooling, flex time, a 4-day workweek and staggered work hours to get people in and out of congested areas, and I think we could cope with the fuel reduction.

Mr. Stangeland. Thank you very much, Mr. Rose. Thank you for a comprehensive statement.

Mr. Mineta. It is a very fine and thorough statement, Mr. Secretary, and I really want to commend you for the obvious time that has gone into the preparation of the statement.

One thing I would like to ask about is relative to the Suwanee Valley Transit System. Do you know whether or not there have been any problems with that section 18 funding for Suwanee Valley Transit?

Mr. Rose. There have been some problems, but Suwanee Valley Transit is, I would say, doing a very good job. Their ridership is increasing constantly, and I feel very good about the Suwanee

Valley program. I don't think they have any problems they haven't been able to overcome.

Mr. **Mineta**. What about this methanol conversion? Is methanol supply something that is a problem?

Mr. **Rose**. We have been working with General Motors to get the conversion kits to begin the project. We have investigated sources of methanol, and we have been assured that we can obtain sufficient methanol under contract for a year's period to proceed with the program for a complete annual cycle.

Now, we have had some gasohol programs that we have tried to initiate, and we couldn't get the fuel, couldn't get enough alcohol to mix with the gasoline.

Mr. **Mineta**. In the Miami system you say construction was started in 1979?

Mr. **Rose**. That's right. We broke ground in 1979, it's under construction now, and will be operational—I have forgotten the year it's operational—but within the next 2½ or 3 years.

Mr. **Mineta**. The total construction there is somewhere about $795 million?

Mr. **Rose**. Yes, very expensive.

Mr. **Mineta**. The State is coming up with $260 million?

Mr. **Rose**. Yes, that includes the Dade Rapid Transit and the people mover. The DPM is the downtown people mover.

Mr. **Mineta**. I see. That $260 million is coming from what source?

Mr. **Rose**. Well, that comes from State.

Mr. **Mineta**. Gas tax or appropriations?

Mr. **Rose**. It comes from the State gasoline tax and from 36½ percent of the tag fees that accrue to the State.

Mr. **Mineta**. And from Dade County——

Mr. **Rose**. Let me start over because I think I'm misleading you. The State transportation fund receives 4 cents a gallon gasoline tax, and 36½ percent of the tag fees that are received each year. But the legislature as a matter of practice has elected to appropriate the funding for Dade Rapid Transit, so rather than those funds coming out of our transportation trust fund, which they would come out of if the legislature didn't take other action, Dade Rapid Transit has been funded with State general revenue funds.

Mr. **Mineta**. I am thoroughly impressed with the thoroughness of your statement. I do want to thank you very, very much, Secretary Rose, for this complete statement. We really appreciate it.

Mr. **Rose**. I am pleased to have been here. Thank you very much. If there is nothing else, I think I will go back to Tallahassee unless there is some reason to stay.

Mr. **Mineta**. Thank you.

At this time, I would like to call on Charles Jackson, appearing on behalf of our distinguished colleague from Georgia's Fifth District, Congressman Wyche Fowler, to be accompanied by State representative John Greer, who chairs the Metropolitan Atlanta Rapid Transit Overview Committee, who many of you have had an opportunity to hear about from a very fine colleague on this committee, Mr. Levitas, who at one time I believe chaired this overview committee. We have heard a great deal about it, and we are pleased to have both of you here, so Mr. Jackson, if you would go ahead.

We have a copy of Congressman Fowler's statement, and it will be made a part of the record, so if you will go ahead and proceed in your own fashion.

[Statement referred to follows:]

Statement of Congressman Wyche Fowler, Jr.

Mr. Chairman, I am pleased to have an opportunity to present my views to the committee regarding public transportation alternatives which face our nation in the critical years ahead.

Americans have become increasingly aware of the fundamental interaction between transportation and energy in our modern industrialized society. The transportation sector, on which our highly mobile lifestyle is based, not only consumes 28 percent of total U.S. energy, but also accounts for over half of all the petroleum we use. Yet, our commitment to public transportation has been erratic, at best. While the choices which now confront us are not simple and clearcut, it should be clear that new emphasis must be placed on transportation modes which are safer, cleaner and more energy efficient.

The development of MARTA into one of our nation's most sophisticated public transportation entities has been tremendously gratifying to me and to all those who have witnessed this remarkable accomplishment. Yet, my experience with MARTA has led me to conclude that the greatest impediment to the orderly and efficient development of urban mass transit is the uncertainty surrounding the availability of federal funding.

For that reason, I have supported an amendment to the windfall profits tax bill to create a public transit trust fund financed by a portion of the revenues produced by the windfall profits tax. The trust fund mechanism, by providing a stable and long-term source of funds, will enhance our ability to rationally plan public transit initiatives far in advance. The public transit trust fund will provide assistance not only for rapid rail systems, but also for the encouragement of car and van pools, and for buses and bus-related facilities. We expect the changes to be financed by the trust fund to produce energy savings of around 150,000 barrels of oil per day by 1990.

As I indicated last year by may amendment to the AMTRAK Improvement Act that would have blocked massive cutbacks in rail passenger service, I am convinced that we are not making a sufficient investment in rail passenger service to realize the full potential in energy savings offered by this transportation mode. I believe that some of the windfall profits tax revenues should be used to provide for improvements in both our inter-city passenger and freight rail systems.

As we consider future transportation alternatives, the importance of inner-city bus service should not be overlooked. The advent of airline deregulation and the concurrent reduction of service to smaller communities, paired with the massive decline of rail passenger service, has led us to a point where inter-city buses perform a vital role in linking together hundreds of small towns throughout our nation. To fail to support the single public transportation mode available to millions of Americans would be energy inefficient, as well as destructive to a broad sector of our population.

Mr. Chairman, I have touched on a few topics of vital interest not only to this Committee, but also to the Congress and the nation as a whole. The challenges in energy and transportation will require bold new approaches if we are to preserve our independence and our quality of life. Through public hearings such as these, I am hopeful that we can harness the inexhaustible human energy and resources of our nation to meet these challenges.

Thank you.

Mr. **Mineta**. Please proceed. Mr. Jackson.

TESTIMONY OF CHARLES JACKSON ON BEHALF OF HON. WYCHE FOWLER, JR., MEMBER OF CONGRESS

Mr. **Jackson**. Thank you very much, Mr. Chairman.

On behalf of Congressman Fowler, let me extend our welcome to you, the chairman, and to other members of the subcommittee.

Mr. Fowler asked that I submit his written statement that you have as a part of the record, and in addition, with your permission, Mr. Chairman, he asked that his few minutes this afternoon be allotted to State Representative John Greer.

Representative Greer, as you mentioned, is chairman of the MARTA Committee of the Georgia General Assembly, which is the statehouse committee that oversees the operation of the Metropolitan Atlanta Rapid Transit System.

Representative Greer has been a long and effective champion of public transportation here in Atlanta and Fulton County, and we could think of few elected officials, public officials more qualified to appear before this subcommittee than John Greer.

Mr. Chairman, on behalf of Congressman Fowler, I am pleased to introduce to you our good friend, State representative John Greer.

Mr. **Mineta**. Representative Greer, it is a pleasure to have you with us. We have had the opportunity to enjoy the fine hospitality of Atlanta and MARTA, and I must say you should be very proud of what MARTA represents not only for Atlanta but as really in the forefront of what public transit is all about here in the United States.

Mr. **Greer**. Thank you, Mr. Chairman, members of the committee:

Let me say as a member of the legislature from this county which, of course, embraces Atlanta, that I have a very fine Congressman in my legislative district. Generally it's the other way around, the congressional district is larger. But Wyche Fowler is our Fifth District Congressman which embraces Atlanta, and Elliott Levitas has part of our county, Fulton County, on the east side in his Fourth District, and Newt Gingrich, the Sixth District Congressman, has the botton part of Atlanta, the bottom part of Fulton County. I would like to say to you that Congressman Fowler and Congressman Levitas have been extremely helpful in putting MARTA on the ground and getting it rolling.

Elliott was in the legislature at the same time I was. We started it about 10 years ago, and Wyche Fowler was a member of the city government at that time and has been a strong supporter, and so has Representative Gingrich since he's been in Congress.

All 10 of our Congressmen met with us not long ago and gave us a report on trying to get more Federal money.

I'll be very brief. I'm not going into what General Manager Kiepper told you yesterday about MARTA and how we are off and running and in good shape, but I have one fact I want to talk about in one short paragraph of Wyche Fowler's statement that they have given you:

> Yet, my experience with MARTA has led me to conclude that the greatest impediment to the orderly and efficient development of urban mass transit is the uncertainty surrounding the availability of Federal funding.

I would like to just mention a couple of facts, gentlemen, about that question. UMTA gave us help about 10 years ago when we bought the local bus system. We got MARTA started, we passed a 1-cent local option sales tax in the legislature for 10 years which would have run out this coming year. This last January we put through 15 more years of that local option tax which helped us furnish our part of the money for building and operating this system.

When we bought the Atlanta Transit System from Bill Maynard it had about 300 buses and the fare was 45 cents for a ride. That was 10 years ago, and they paid 11 cents for their diesel fuel, and there's been a great change since then.

The point I want to simply reiterate today, which certainly you know better than I do, is that in the last 20 odd years in this country over 200 various types of transportation systems have had to either quit or sell out or give out to the Federal Government—not the Federal Government, to the State or the county or some cities in which they were located. I think now there's probably not a single private large transportation system left in any great city in this country.

I think the main factor is that if you have public transportation in any large city in America today it must be subsidized. It's like schools, it's like highways, I don't think there's any other way because the cost of operation has gotten to where nobody will ride it if it has to charge enough fare for it even to break even, much less make a profit.

Also, 9 or 10 years ago when Mr. Maynard sold us the Atlanta system, when MARTA took it over, they were going in the hole about $350,000 a year and had to raise the fare a nickel every time it changed.

So what I would like to tell you is this. You gave us, Congress did through UMTA, about $800 million for the first part of our system that we're winding up now. We put our 20 percent with it through our local option sales tax. At that time, when UMTA told us they would finance the entire Federal part of our system, the A and B part which the people voted on, we thought it would run about $2 billion overall, or a little more. That's 10 years ago.

Now this second half itself will run probably another $2 billion. Of course, the costs have gone up. The only other point I need to make to you today, and you have heard it all I think from Mr. Kiepper and others, not only in Atlanta and Washington and Miami, and the gentleman who was just before us, but other cities that have started rapid transit systems and are actually building them—and we're building ours as fast as we can get the money—I think the Federal Government should go as far as you can in furnishing funds to those systems so they will not have to slow down. It will save money for the Federal Government, and it will save money for the local people.

We need about $200 million a year after this present year to keep our construction going according to the schedule that they gave us a year or two ago. We simply want to ask you to do whatever you can—and I'm talking now for the cities that have built these things or started them—give us the Federal money as fast as you can so that we'll not have to slow down. We have ours voted on by the people, we know where the lines are going to run, we have made arrangements to get all the land, and we can finish it if we can get Federal money since we have now passed the other 15 years of the 1-cent sales tax to take care of our part of it.

That, gentlemen, is simply the message that I would like to leave with you. I will try to answer any questions you may have.

Mr. **Mineta**. Thank you very much, Representative Greer.

I think one of the things that MARTA has requested is letters of no prejudice——

Mr. **Greer**. Yes, sir.

Mr. **Mineta** [continuing]. So they might be able to go ahead and use their own funds, and then as and if funds become available in the future that those projects will be reimbursed back to the district. In that regard, when we go back we will be in conference on the whole issue of the windfall profits tax, and there's some $16½ billion that will be dedicated toward transportation and energy programs, of which some $13 billion is in public transportation investment programs. So hopefully, since these are for bus and rail mass transit projects, we will be able to acceed to your desires here.

Mr. **Greer**. We hope so too. We got a new tax out of this last session. We got it for 15 years. Right now we're in the process of getting together about $100 million or maybe a little more of local money, and then if we get your letter of no prejudice we will get our 80 percent back. In due time we're going to run out of that $100 million, so we are going to need it pretty well year by year, and so will these other cities that are in the actual construction.

We are pretty well on schedule. We're now hauling over 300,000 fares a day in this metropolitan area, and that's a lot of people that are not in automobiles.

Mr. **Mineta**. We had the opportunity to ride the system last night out to Hightower.

Mr. **Greer**. That's the new end of it. We're got them going. Again we welcome you to Atlanta, we hope you enjoy your stay. Any other questions?

Mr. **Mineta**. Thank you.

Mr. Stangeland?

Mr. **Stangeland**. I have no questions, except to welcome Mr. Greer. As a former State representative myself, I understand what you are going through, and we will do what we can to help you out.

Mr. **Greer**. As you know, in the State legislature we have problems like you do in the National Legislature. As old man Pitcock used to say about the little railroad called the Pennsylvania Railroad, "We're not as long as some of them, but we're about as wide as most of them," so that's about the same way it is here.

Mr. **Mineta**. Thank you very much, Mr. Jackson and Mr. Greer. Give our regards to Mr. Fowler.

At this time, I would like to call on Mr. Wayne Robertson representing the Southern Bicycle League, who will make a short presentation to us.

TESTIMONY OF WAYNE ROBERTSON, SOUTHERN BICYCLE LEAGUE, ATLANTA, GA.

Mr. **Robertson**. Thank you very much for working me into your schedule this afternoon. I will be as quick and concise as possible.

I am Wayne Robertson, representing the Southern Bicycle League, which is an organization mainly in urban areas in Georgia, and mainly in Metropolitan Atlanta. We have about 700 members.

Since this hearing is concerned with the methods of obtaining urban mobility in face of the worsening energy situation, I would like to summarize for you the virtues of the bicycle as a method of transportation.

There is the obvious physical fitness angle, and besides the obvious low capital investment angle. With the bicycle we have a vehicle which is small, thereby reducing traffic, parking space problems and raw material uses; one which is light in weight thereby reducing road wear, a problem referred to by an earlier speaker; and one which is nonpolluting not only in the obvious poisonous exhaust emissions aspect but also regarding noise pollution and thermal pollution; but most of all a vehicle which is extremely energy efficient.

The average bicycle user—I'm talking about a nonathletic adult bicycle rider—is getting the equivalent of somewhat over 1,000 miles per gallon on his vehicle, and this is on fuels which are completely renewable of course.

Furthermore, in view of travel time in urban conditions, bicycles are nearly as fast as cars at distances up to about 5 miles in the urban situation.

Considering these many advantages of bicycles, I think we are in for an inevitable and dramatic increase in bicycle use in America, and my prediction is supported by the fact that bicycle sales are already outselling automobiles in many locations. In fact, they have outsold automobiles nationwide in 4 of the 7 years since the OPEC action in 1973. Ten million bicycles were sold last year, as a matter of fact.

Clearly not all of the bicycle owners are bicycle users, so a great deal of good can be done if future Federal transportation programs encourage latent bicyclists to get their vehicles out of the garage and back on the road in place of their automobiles.

I'm a regular daily user of MARTA's rapid rail line since I work in downtown Atlanta and live in Decatur about a mile from a transit station. I normally ride a bicycle to the transit station, catch the train, and then walk the rest of the way to work.

I wish to compliment MARTA on a rather good job they have done in making provisions for bicycle use, and I wish to make some suggestions for improvements of the bicycle-mass transit relationship here in Atlanta as well as elsewhere.

The present bicycle facilities at the rapid rail station include lockable bike cabinets, and hitching posts or bike racks. The bike cabinets, or lockers, are rented for 2-month periods, soon to go to 6 months. The hitching posts are free and the user provides his own lock. The bike lockers are excellent and successful, as three-fourths were rented after only 6 months of rail operation.

I have two suggestions for bike lockers: A—to make some available on a daily rental basis like the baggage lockers at airports and bus stations where you deposit a coin and take the key with you, and B—to expand the locker program to the park-ride lots where there are presently no bicycle facilities at all. By the way, MARTA is grossing 20 percent annually on their bike lockers.

The hitching posts are satisfactory only for those with cheap bicycles, like mine, because unless you carry a chain, only the bicycle frame can be locked, but the wheels can still be stolen. This arrangement could be improved if MARTA were to provide permanently mounted chains, or superior bike racks which secure the bicycle frame and both wheels. The user would continue to furnish his own lock. In addition, it would enhance bicycle security if the hitching posts were within at least casual view of the transit station attendants, and this should be planned in future rapid rail stations. Finally to encourage inner city bicycle use, bike lockers and racks should be furnished at downtown transit stations, not just those in residential areas.

Incidentally, there are over 500 bike lockers on BART, District of Columbia, and the Philadelphia rapid transit systems and nearly all are being used, with more on order.

A second area to consider to improve the bicycle-mass transit interface is the routes used to get to the transit stations and park-ride lots. Access roads, other than residential streets, should be restriped to provide a bicycle-moped lane. Since automobiles are getting smaller and narrower, it should now be possible to provide such a lane where the road was previously deemed too narrow. The funding for the edge striping program should be be specially designated for that purpose so that projects do not have to compete with highway projects for priority, as is now the case.

In addition, funding should be 100 percent Federal since in many States gasoline tax revenues may not be used for bicycle projects. A regular street-cleaning program should be undertaken to remove litter from the bike-moped lane. Curb-cuts which permit the bicyclist to ride all the way up to the lockers and racks would be a welcomed convenience.

The third and final topic I wish to cover is allowing bicycles to be transported on trains and buses on off-peak hours. Racks that fit the front of buses have been used in San Diego and Seattle and it reportedly requires only 10 seconds to lock a bike in place.

Certainly racks cannot be fastened to rapid rail train cars, but since bicycles can go anywhere the handicapped can, getting on a train should be no problem outside of rush hour. Bicycles could be confined to the last car in each train, and users would be willing to pay an extra fare for the privelege.

To summarize, energy-efficiency, continued mobility, and the use or rapid transit services can be enhanced by improving the bicycle-mass transit interface in the following ways: Bicycle lockers at all park-ride lots and transit stations, rented by the day or monthly; hitching posts which are within sight of station attendants and which secure frame and both wheels; special funding at bike lanes for feeder routes; and the capability of carrying bicycles on trains and buses.

Mr. **Mineta**. Mr. Robertson, I want to thank you very much for this statement. Oddly enough—maybe not oddly enough—but in any event I have a bill that I have introduced that would require that all Federal facilities have not only the kinds of secure bike racks that you speak of, but also locker and shower room facilities.

I notice you are from the Fourth Congressional District, and I would encourage you to write to Mr. Levitas and encourage him to hold hearings on the bill, because this is something again that would add to this whole commuter idea. It has been referred to his Subcommittee on Public Buildings and Grounds since it deals with Federal facilities.

Mr. **Robertson**. Yes, House bill 2019.

Mr. **Mineta**. You're familiar with it—great.

Mr. **Robertson**. We have already written a letter of support.

Mr. **Mineta**. I had to get my plug in while I had this opportunity. Mr. Stangeland?

Mr. **Stangeland**. I have no questions. I'm on the subcommittee with Mr. Levitas. If you will direct you request to me, I'll see that he gets it.

Mr. **Mineta**. Again thank you very much, Mr. Robertson.

Mr. **Robertson**. Thank you.

Mr. **Mineta**. Let me thank all the witnesses who have taken the time and trouble to be with us yesterday and today. A lot of time has been spent in preparation of their testimony, and because of the shortness of the time involved maybe we didn't get into it as thoroughly as we might have. However, the record will remain open and this will give us an opportunity to add to the record as necessary.

I do want to thank MARTA and the city of Atlanta for their gracious hospitality during the time we have been here.

I would like to thank also the General Services Administration here in the Atlanta region for coordinating our use of the facilities here in the Richard B. Russell Federal Building.

These field hearings will continue tomorrow and Thursday in California, then later this month or in February we will pickup again in Washington, D.C.

Again I would like to thank of all of those who have helped us in these field hearings.

The subcommittee will stand adjourned until 1 o'clock tomorrow in San Jose. The meeting stands adjourned.

[Whereupon, at 3:02 p.m, the subcommittee adjourned.]

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MOBILITY FOR AMERICANS IN AN ERA OF INCREASING ENERGY, ENVIRONMENTAL, AND FINANCIAL RESTRAINTS

WEDNESDAY, JANUARY 9, 1980

House of Representatives,
Subcommittee on Oversight and Review,
Committee on Public Works and Transportation,
San Jose, Calif.

The subcommittee met at 1:46 p.m., in the chambers of the Santa Clara County Board of Supervisors, San Jose, Calif., Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Members present: Representatives Mineta and Stangeland.

Staff present: Charles A. Krouse, majority, Dan Harrant, minority.

Mr. Mineta. The meeting of the Subcommittee on Oversight and Review of the House Committee on Public Works and Transportation will please come to order.

Today we continue a series of hearings, which we began in Atlanta earlier this week and which we will continue after Congress reconvenes later this month. One central question in these hearings is: How do we maintain mobility for Americans in a time of increasing oil prices and uncertain oil supplies?

The past decade, and certainly the past year, has taught us some hard lessons about the vulnerability that we import along with all that foreign oil. We have seen how vulnerable our mobility is to oil supply disruption and how dependent our economic vitality is on our ability to get to jobs, to stores, to schools, and so on

A foreign policy disagreement with the Saudis, an oil workers strike in Iran, a confrontation in Tehran, each has threatened our mobility and sent shock waves through our economy.

And transportation has generally been the first and hardest hit sector. About one-quarter of the energy consumed in this country is consumed for transportation, but about 53 percent of the oil consumed is for transportation. You can't deal with the oil crisis if you ignore the transportation issues in this country today.

It is clear that, while there may be year-to-year fluctuations in oil supply, the oil situation is going to generally get tighter over the long haul. That is something on which we can base long-term investments.

The problem is not going to just go away. In fact, our dependence on imported oil has actually increased. At the time of the 1973 embargo we imported about 32 percent of the oil we consumed. That figure now stands at about 44 percent.

It is clear that our oil supply is going to be subject to occasional disruption. Our oil supply, in large part, hangs on the stability of one of the least stable regions of the world. That clear knowledge should make it worth our while to take the necessary actions now so that the impact on our mobility and our economic activity will not be so great in the next oil squeeze.

We can't afford to repeatedly be left without recourse at every disruption of supply. We should know enough about this problem by now to be able to get out ahead of it, to be able to anticipate, rather than always trying to react after we find ourselves stuck in gas lines watching the prices go up.

The concern of this committee for the mobility of Americans, for the importance of that mobility to our economy, and for the performance of our transportation system, brings us here to learn from transportation planners and from public transit systems what better transportation planning can do, what better utilization of our transit systems can do, what expansion of our transit systems can do, and what ridesharing and similar strategies can do.

We want to hear about intermodal planning and tradeoffs, about fleet expansion needs and problems, about transportation system management, about staggered work hours, about ridesharing, about exclusive-use lanes, about traffic flow management, about parking policy, about employer subsidy of employee transit expenses, about exclusive transit-use areas, about contingency planning for the next oil squeeze, about long-term strategies and capital investments, about land-use planning and the pattern of metropolitan development, about any strategy you have that might help with the overall problem, and about how all these tactics can be fitted together into an overall strategy for each area.

We are here to find out what you have tried, what has worked and what has not worked, what you have learned, what the obstacles are in your path, and what your vision is of how those obstacles should be overcome. In short, we are here to find out what needs to be done and who needs to do it.

In those areas where it is the Congress that needs to take action, the Committee on Public Works and Transportation is the authorizing committee for almost all Federal transportation programs. And the committee will be working particularly hard in the next few months on legislation to provide additional funding to public transportation from the excess profits tax on oil companies and to make other improvements in Federal surface transportation programs.

Our purpose, it should be clearly understood, should never be merely to spend money. It should be to spend it wisely, in ways that maximize transportation benefits within existing energy, environmental, and fiscal constraints. We have to strive for a higher measure of efficiency as well as performance.

In this regard it is the duty of the subcommittee to learn from the real-world experience about Federal programs and to generate insights, ideas, and recommendations to our parent committee.

We respectfully request the help of our outstanding list of witnesses. Be candid. Tell us what you really think. Tell us what you are doing and what you believe the Federal programs should be doing.

At this time I would like to call on our distinguished colleague, the Member from Minnesota, Mr. Arlan Stangeland, who is sitting in for Mr. Jim Cleveland from New Hampshire, who is the ranking Republican on our subcommittee.

Mr. Stangeland.

Mr. **Stangeland**. Thank you, Mr. Chairman.

First of all, let me say it is a pleasure to be with you here in San Jose, to see California technology and innovation, and to see the respect in which you are held as a former mayor of San Jose. I hope to gain some understanding of transportation problems in an urban area.

This has been an enlightening trip for me, coming from a very sparsely populated rural area. Too often I think those of us who are in rural areas don't totally understand the problem of the metropolitan areas.

And I think you have recited all the problems that we have with energy, the availability of petroleum to run vehicles, the price of that petroleum, and what that price is going to be in the future.

I think we have to recognize we can't build adequate freeways to carry people in population centers that continue to grow and become more dense, and we have to look to other means of transportation.

And those of us who are in rural areas don't always understand this. And we aren't always willing to support dollars—Federal dollars—going into urban areas because we feel that those Federal dollars should be shared by the rural people as well.

But what we fail to recognize is that a gallon of gasoline saved in an urban area is a gallon of gasoline left or extra that we might have in a sparsely populated area where we have many miles to travel.

It is a pleasure again, as I say, for me to be with you here at this hearing. I look forward to the testimony that we are going to be receiving. And I want to commend you for the leadership role that you are taking on this issue.

And I know when we get back to Washington and are dealing with the Congress that you are going to be in the forefront and I think that the Oversight and Review Subcommittee will be standing shoulder to shoulder with you to support you in your efforts to resolve some of these very real and very serious problems we have.

Thank you.

Mr. **Mineta**. Thank you very much, Mr. Stangeland.

At this time, I would like to call on the mayor of the city of San Jose, Mayor Janet Gray Hayes, for a word of welcome.

TESTIMONY OF MAYOR JANET GRAY HAYES, MAYOR OF THE CITY OF SAN JOSE

Ms. **Hayes**. Thank you very much. I am indeed pleased to see you, Congressman Mineta. And welcome, Congressman Stangeland, to the city of San Jose.

The issue you outlined of maintaining personal mobility with decreasing petroleum supplies and increasing petroleum costs is extremely timely.

Many of the citizens of our community who you will hear from are deeply concerned about these issues. The dramatic growth in the use of public transportation here in San Jose is a barometer of the public's desire for transportation alternatives.

We agree; One of the essential components of economic vitality in this country is the ability to travel and be mobile and to participate in jobs, education, and social activities of our choosing.

We agree; if our society is to maintain that strength and diversity, personal mobility must be available to our citizens.

It appears to me that this question separates itself into the near-term actions and the long-range programs which will provide the American people with the transportation opportunities we need and desire.

In the short run, we must be prepared for that petroleum emergency. Each of us knows that the American citizen is a very innovative and enterprising individual. And given the rational process of allocating fuels, we can expect that the health of our economy will be maintained.

Certainly, there will be extremely disruptive moments. But in general the investments we have in our automobiles, our highways, and our public transportation system can meet our needs on a short-term emergency basis.

In the immediate future, substantial investments must be made in quality public transportation systems and services which will grant potential users the economic security which is important for our citizens in the 1990's and beyond.

Here in San Jose, we are planning, as you know, a transit mall in our downtown area as a feature which will improve the efficiency and desirability of public transportation and will upgrade the visual image of downtown San Jose.

We are convinced that this is an investment which is very prudent and it will be a strong support for economic growth and stability.

In conclusion, I suggest that Congress act quickly in support of three areas in particular:

One, some type of fuel-rationing program which will eliminate short-term fuel deficiencies;

Two, authorize programs by the Federal Highway Administration and Urban Mass Transit Administration to develop ridesharing, including carpooling and vanpooling activities, with appropriate incentives to create additional public acceptance; and

Three, authorize funding for long-range public transportation systems which are first class and will give our users as much interest in using that type of a system as the use of their personal automobiles.

Congress should support both the operating and the capital needs of such a system.

I hope that your stay here in San Jose will be pleasant and that we here in California will offer you some very challenging ideas to implement in the 1980's.

We welcome you and thank you for being here.

Mr. **Mineta**. Thank you, very very much, Ms. Hayes. We appreciate the welcome.

At this time, I would like to call on Mr. James E. Self, chairman of the Metropolitan Transportation Commission, accompanied by

Larry Dahms, the executive director of the Metropolitan Transportation Commission.

TESTIMONY OF JIM SELF, CHAIRMAN, METROPOLITAN TRANSPORTATION COMMISSION, BERKELEY, CALIF., ACCOMPANIED BY LARRY DAHMS, EXECUTIVE DIRECTOR, MTC

Mr. SELF. Thank you very much, Mr. Chairman. I, too, would like to welcome you here to San Jose and express our appreciation, on behalf of the Metropolitan Transportation Commission, for inviting us to comment. My name is Jim Self. I am chairman of the MTC and councilman for the city of San Jose.

Particularly, Chairman Mineta, your activities in this district in this bay area are tremendously important to us. And I don't think most of the people and the elected officials fully understand the impact that you have had on this particular area. And we are very deeply indebted to you for your participation.

Congressman Stangeland, we appreciate your being here also and hope that you enjoy San Jose and California.

Mr. Chairman, let me just familiarize you with MTC somewhat. It was created by the California State Legislature in 1970 to develop a regional transportation plan for the nine counties which surround San Francisco Bay.

Policy direction is provided by 18 commissioners representing the cities, counties, and other regional State and Federal agencies with responsibilities for transportation, land use planning, and bay conservation and development.

State law and Federal regulations have combined to give MTC extensive authority and responsibility beyond developing the regional transportation plan. These include establishment of transportation priorities, approval of all transportation applications for State or Federal handling, allocation of nearly $200 million annually for transit, and the evaluation of transit services and management.

Transportation for the region's 5 million people is provided by the State, 9 counties, 93 cities, 6 major transit operators, and scores of smaller systems.

MTC's objective is to meld these transportation services into an effective, efficient transportation system which provides mobility for all residents, and to do this without undermining the region's diversity which is one of its principal strengths.

Your concern for strategies to assure mobility for Americans in an era of increasing financial, environmental, and energy constraints is also our concern. Already we have had to make major adjustments.

Highway facilities that are environmentally acceptable but no longer financially feasible have been deleted from our plans. Yet whole areas of our region were developed on the expectation that certain roads would be developed.

The effects in this region of last year's gasoline shortage were also dramatic. Last May, overall transit ridership was up 19 percent over a year ago.

In Santa Clara County the overall increase was 65 percent. Regional highway traffic dropped very sharply—approximately 20 percent in recreational travel corridors. Weekday traffic dropped approximately 8 percent.

The bay area is a good place for your committee to examine both the opportunities and the problems associated with providing mobility in the future.

On balance, I belive that you will find that this region is better equipped than most to face the eighties because we have made a strong commitment to three ingredients necessary for a successful program.

First, a policy to develop a diversified transportation system with a major transit component.

Second, resources to get the job done.

And third, a respected decisionmaking process.

The results of this approach are apparent. The region is known for its famous bridges, cable cars, ferries, and BART. San Francisco is about to replace its aging streetcar system with new light rail vehicles, or LRV's, which will operate under Market Street.

The State soon will take responsibility for continuing Southern Pacific's commuter rail service in Santa Clara, San Mateo, and San Francisco Counties.

There are many other less know but innovative approaches to transportation also. Buses and carpools use a free, exclusive lane bypassing the congested approaches to the bay bridge. The bridge itself is metered by computerized traffic controls to insure free flow. Exclusive bus lanes are also used on the approaches to the Golden Gate Bridge and throughout San Francisco.

The region has a successful van-providing program called "RIDES," and the Golden Gate Bridge District has its own innovative approach to vanpooling where the bridge district loans a van to begin a van pool and then after the van pool is established, arranges for the private financing of permanent vans.

We have several specialized bus shuttles—the most famous called Humphrey-Go-BART which connects the University of California with BART. We have even tried organized hitch-hiking, without much success.

MTC is also committed to extending mobility to those who can't be easily served by the conventional systems. We have caused to be created a Paratransit Coordinating Council in each country, made up of users and suppliers of transportation services. These councils are responsible for the development and coordination of many specialized services, from taxi subsidies to accessible van programs.

There are also example in this region of major commitments to change mobility patterns. BART is the most noteworthy, not only in this region but also perhaps in the country. BART was built almost entirely with local funds, yet it served as a national laboratory to revive a nearly dead rapid transit technology.

Another classic example was the decision made by the Golden Gate Bridge, Highway and Transportation District in the late sixties not to expand the vehicle-carrying capacity of its increasingly congested bridge, but rather to undertake an ambitious transit program to accommodate the increased demand in this corridor.

The result over the last 10 years is that the number of people crossing the bridge has increased by 32 percent, while the number of vehicles has increased by only 10 percent.

Although at the time of the district's decision energy consumption was not a major factor, the district's commitment to transit has provided the Golden Gate/Route 101/Marin corridor with the basis to continue and, with adequate funding, to enhance mobility in the 1980's.

As city councilman of San Jose, I am quite aware of the linkage between land use and transportation decisions. Most of the development of Santa Clara County took place when there was a strong commitment to developing freeways and expressways.

Thousands of jobs were created by the rapidly growing electronics industry, mostly in the northern part of the county. Housing to service these jobs was developed throughout the county on the expectation that these roads would be built.

However, a combination of environmental concerns, inflation, and fiscal restraints has eliminated or deferred many of the planned facilities. One result is a worsening traffic problem for our city. A further result is the electronic industry's increasing difficulty in attracting workers needed for expansion.

And during the question and answer period I would like to expand on this, Mr. Chairman, if it would be all right with you.

MTC and the Association of Bay Area Governments (ABAG) recently completed a major study of transportation and land use in Santa Clara County. One finding was that changes in land use could have a greater effect on traffic than any possible changes to the transportation system.

Partly as a result of the MTC/ABAG work there is a new commitment to attempt to encourage additional housing near existing jobs, provide for new industrial growth near existing housing supplies, and to encourage the service jobs which support this industry to locate in the center of the city where it can be better served by transit.

The MTC/ABAG effort also has resulted in a plan for transportation facilities which is based on a realistic budget and which makes best use of existing facilities. The plan calls for a significant transit expansion by increasing the bus fleet from the existing 370 vehicles to 750, by upgrading the existing Southern Pacific commuter rail service, and by the development of a light rail system in the Guadalupe Corridor which extends south of San Jose.

If these steps are taken, overall transit use should increase from the existing 3 percent to 12 percent of all peak period trips. In critical corridors transit could handle up to 40 percent of peak trips.

These increases in transit use were based on the assumption that fuel supplies would not be interrupted. With a worsening energy structure transit use can be expected to be greater, suggesting the need for additional transit capacity.

Our past and existing commitments to a diversified transportation system have enabled this region to grow and prosper. To meet the challenges of the 1980's, we need an even greater commitment to provide the resources and support the decisions necessary to reduce our dependence on oil while sustaining mobility. We need your help and your commitment.

The bay area invests approximately $500 million a year in transit. Of this amount the Federal Government pays 15 percent, or $69 million.

The transit operators estimate that nearly $200 million yearly in capital funds is required to maintain and enhance the existing systems. Additional funds would be required to undertake the extension of BART, the improvement of Southern Pacific commuter service, or the development of the proposed light rail system in Santa Clara County. We are advised that the Federal Government has only approximately $32 million per year available for this region.

The earmarking of funds for buses in the 1978 Surface Transportation Act has resulted in a serious underfunding of bus replacements. The region has 2,600 buses, with 980 of these over 10 years old. This year only 28 percent of the buses needing replacement in this region can be funded. If the existing section 5, tier IV, level of funding is continued, we estimate that the average replacement age for a bus would rise to approximately 40 years.

Federal transit funding must be increased. Furthermore, a long term commitment is needed so that capital programs which have a long leadtime can be planned or programed.

This region is considering major improvements. These improvements now depend on uncertain Federal budgets and therefore cannot be programed with any reasonable expectation of completion.

MTC believes that the creation of a transit trust fund will signal a Federal commitment to transit that will lead to the creation or strengthening of the institutions and industry required to deliver the transit systems. The present state of bus and rail car manufacturing is sumptomatic of the uncertainty associated with the levels of transit funding.

Congress needs to move as quickly to bolster these industries as it did to bail out Chrysler. In fact, I believe that Congress may have missed an opportunity in not extracting a commitment from Chrysler to become a transit supplier.

The need for a commitment to provide the resources to do the job is obvious. Less obvious, but equally important, is the need to commit to a structure for making decisions.

Federal highway legislation first established the cooperative planning process at the metropolitan level. It was natural then, when the transit program came along, to designate the metropolitan planning organizations, the MPO's—in this region MTC—as the recipient of Federal funds, with the responsibility to allocate the funds within the region.

In California, the State legislature has extended this metropolitan decisionmaking authority. Of particular importance is the State Transportation Assistance Act passed in 1971 which makes the proceeds of one-quarter of a cent sales tax available for transit, to be allocated by MTC.

MTC works closely with local government in exercising its authority. In 1977, Assembly bill 402 was adopted by the State legislature reinforcing MTC's highway and transit capital program priority-setting responsibilities. Here again, MTC works closely with cities, counties, and transit operators in establishing priorities.

MTC has made some headway in using its authority to, first, integrate highway and transit funding decisions and, second, provide long-term assurance of capital funding.

The Federal Government, State legislature, and new California Transportation Commission seem to appreciate the importance of achieving such objectives. Perhaps the importance of a good decisionmaking process is best illustrated by examples which are not reinforcing.

Consider the following example.

In the Golden Gate corridor, MTC has helped resolve problems among competing advocates for funds and in the process determined that continued transit service is jeopardized by insufficient operating funds.

On the capital side, MTC is examining the potential development of high occupancy vehicle lanes along the Route 101/Marin County corridor—the only continuous roadway in the corridor.

MTC has tied the two decisions together—support for funding the roadway to the need for action by Marin County and the Golden Gate Bridge District—to raise revenues needed for transit operating costs.

Unfortunately, Caltrans has failed to appreciate the importance of the transit operating commitment and insists on giving priority to building the roadway without the transit commitment. And we think that is an error.

An even more glaring example of how a good decision process might be thwarted also involved Caltrans. MTC has the authority to set tolls on the San Francisco-Oakland, San Mateo-Hayward, and Dumbarton bridges to fund capital improvements.

The tolls were increased to 75 cents by MTC in 1977 and an agreement was entered into with Caltrans to insure that the $8 million per year produced by the toll increase could be counted on by AC Transit, BART, and the San Francisco Municipal Railroad for transit improvements. Their capital programs are largely dependent upon those revenues to match UMTA section 3 capital grants.

Just last month, however, Caltrans proposed a means to divert these funds to other uses, thereby thwarting both the transit capital program and the decision process which made the program possible in the first place. Fortunately, the California Transit Commission has acted quickly to prevent this unwise Caltrans proposal.

With the help of the California transportation Commission, we are confident that the problems caused by Caltrans in these two examples will be solved. They are not listed in order to invite you into State and local deliberations, but to illustrate that a good decision process is as important as adequate funding to us here in the Bay Area.

The Federal Government has occasionally also let its bureaucracy thwart progress. For example, the Urban Mass Transit Administration has used its request for more analysis to avoid decisions on major projects. The results have been a near paralysis of these projects.

In this State, for example, San Diego chose to avoid delays by not using Federal funds and it is now rapidly implementing a light rail system.

In contrast, here in Santa Clara County we have abided by Federal regulations and have experienced 4 years of analysis and still have no commitment to build or not to build a system.

And with the cost of money, the inflation, the land-use decisions that go along with a threatened potential of that transportation corridor are mounting as the days and the years and the months go by.

While I appreciate the need for careful Federal decisions, protracted analysis should not be substituted for decisionmaking. I am pleased that in our discussions with Secretary Goldschmidt he has stated his intention to stop this practice.

In closing, I would urge Congress to set a national objective to develop transportation systems which reduce our dependence on foreign oil and which extend mobility equitably to all persons in our society—not just those who will be able to pay higher prices for energy.

In so doing Congress must seize every opportunity to reinforce this objective. This means an urban policy which reinforces our cities, a transportation policy which reinforces transit, and an implementation strategy which reinforces the diversity in this country.

This completes my formal testimony, Mr. Chairman. I am submitting to the committee some additional documentation which will illustrate some of the work completed recently by MTC and which support or elaborate on some of the points which I have made.

Again, I thank you for inviting us here and executive director Larry Dahms and myself would be more than willing to answer any questions you might have.

[The material is retained in subcommittee files.]

Mr. MINETA. Thank you very much, Mr. Self.

First of all, let me ask, in your survey of all the operating properties within the jurisdiction of the MTC, have you been able to identify any kind of reserve capacity to be able to respond to any serious shortfall of oil supplies where we would have to get people onto some public transit mode?

Mr. DAHMS. Mr. Chairman, I guess the answer is yes and no. In the peak period, there is not an extensive excess capacity. Last spring we experienced increases on transit in the crisis of 15 to 20 percent. And some of that was taken in the peak and some of it in the off-peak.

But for the most part you are compressing your capacity in the peak. Your excess capacity exists in the off-peak. Which prompts us to examine staggered work hours and theories like that, in addition to considering what additional capacity we can add to the peak.

Mr. MINETA. That capacity is being strained by what—operators? By lack of equipment? What kinds of things?

Mr. DAHMS. I think one thing is clear and certain. We have had a lot of experience in this region that you don't decide today to increase the capacity, be it bus or rail, and than have it on line tomorrow. There is a leadtime.

And so one of the reasons that the capacity is strained is because of the equipment situation. This county is one of the best examples.

A commitment was made—I believe in 1974; I have forgotten exactly when the vote was taken—to go to 520 buses, as I recall. Something like that was the plan. You are now at about 350 buses. In other words, there's been a lot of progress but you couldn't just put the whole fleet on the road overnight.

In the work we did here, which we completed about a year ago, the corridor evaluation that Mr. Self referred to, we've now concluded, in concurrence with the county, that we should go to 750 buses. But it's going to take 3 or 4 years to get there.

So, one reason that you don't have the capacity is the equipment. And then there is the problem of getting the equipment on line once you decide—commit to do it.

I might add that—again, using this county as an example—even when you started to move ahead with the equipment, the county didn't have the maintenance yards. And so, with a lot of help from UMTA, the maintenance yards are being constructed. As I understand, you visited one of them this morning. But that, too, took leadtime.

So it's not just the buses. Buses are important. But it is also the support facilities necessary to keep the buses on the road.

Mr. **Self**. Mr. Chairman, may I add to that too. I think there is additional capacity in a number of processes which we are currently underway with.

In the Marin County/San Francisco County area, the corridor I spoke to, 101, we are in the process of trying to establish a high-occupancy-vehicle lane which will extend into Sonoma County—approximately 16 miles. And that particular corridor is a captive corridor. You can't get into San Francisco without traveling on that corridor.

As we plan that process, Marin County passing a one-quarter or one-half-cent sales tax and working cooperatively with Golden Gate, the implementation of the improvements of that transit system will serve as a major improvement in that particular area—specifically at peak time and during the rest of the time.

Here is Santa Clara County, because of the lack of freeway development that has been committed to, we find ourselves in a situation where we have virtually the longest home-to-work commute in the entire United States. One study indicates the average home-to-work trip is 16.2 miles. Los Angeles is only 8.9 miles.

Another study that is currently being conducted by the Santa Clara County government is a land-use study that shows that the average round trip is approximately 30.8 miles, which confirms roughly the first report.

We have an opportunity to build a light rail transit system in a corridor where the city of San Jose has allowed 200,000 people to live predicated on two major freeway projects that have never come about.

By building a light rail system into this area, we think we can capitalize on the location of those homes as they relate to the jobs and reduce the automobile dependency and freeway traffic patterns dramatically.

I might also say that in this county, Santa Clara, the corridor study that we undertook at ABAG/MTC, in cooperation with the cities and counties, suggested that this county should have 750 buses.

One of the criteria that came up for that figure was the lack of operating funds available to the county, either locally or under section 5. In my opinion, this county needs somewhere between 1,500 and 2,000 buses in order to operate an adequate transportation system in that particular mode.

Mr. **Mineta**. All right, but given that capital assistance for buses, what about the accompanying facilities that have to go along with it?

And then, given the additional capacity in buses, what about increased operating subsidies?

Mr. **Dahms**. Well, it depends on how far you look out, Mr. Chairman. Santa Clara County, when it made its commitment, committed to a one-half-cent sales tax. And through the period of our analysis up to the 750 buses, the county would have adequate operating subsidies to handle the demand. If you extend beyond this 750, as Jim says, then you would need additional funds.

Mr. **Mineta**. Is there a straight line function there between let's say, the doubling of the capacity. Does that double the operating subsidies?

Mr. **Dahms**. Well, I think you'd almost have to do a case-by-case analysis. I think it's a rule of thumb you could use that roughly. But I think that in any given opportunity it could vary quite a bit.

I should point out that when I say that Santa Clara County, because of not having yet fully implemented the plan that was authorized by the voters and financed by the one-half-cent sales tax, is in the situation where they are not facing an immediate operating deficit problem.

All the other operators of the region are facing immediate problems. We are hopefully about to have an agreement with Southern Pacific Railroad, and yet San Mateo County, I don't think has any obvious answers to where their share of the support for that would come from.

Our commission right now is doing an analysis relative to the combined budgets of Muni, BART, and AC Transit. We're looking at a $30 million-per-year deficit—combined deficit—and a couple of years for those three operators without any obvious solutions as to where their funds are to come from.

Golden Gate Bridge district is facing a deficit this coming year and thereafter. And all of that is to sustain existing services. I think for a while we will probably have to look to fare increases to cover part of that. But I don't think we should look to fare increased to cover all of it over any sustained time or we will get into a self-defeating strategy.

Mr. **Mineta**. You are a planning agency, you don't operate any transit programs?

Mr. **Self**. That's correct.

Mr. **Mineta**. Now, as a planning function, and as there is this necessity of making increased investments in transit capacity, where do you fit in the land use planning decisions which are transportation related? There is a relationship between the two.

Where does the MTC—as the metropolitan planning organization—fit into the whole land use planning area since that produces fuel efficiency for us as well?

Mr. SELF. Congressman, we have two ways of doing that.

One is the example we have cited in the corridor study involving the other regional agency which is responsible for land use, ABAG, Association of Bay Area Governments. We have worked cooperatively through a joint policy to establish land use transportation interrolationships in specific areas.

We have done a study in the San Mateo coast area. We've also done a study here in Santa Clara County, it being a 2½-, 3-year process.

One of the things we do on an ongoing basis is take responsibility for setting priorities specifically in both highway capacity or highway needs and in transit needs. And so we've clearly delineated what we feel those priority areas are.

And you've got a request for an overpass, let's say, in Santa Rosa and it comes out 14th on the list and we know that there's only enough money for 8 to 10 projects this year. People have an ability to plan their land use around the availability of Federal or State funds, depending on the situation.

Mr. MINETA. Well, if you get that nice plan with all the colors and the maps and everything and the local government decides that isn't the way they really want it to be, how do you try to enforce the land use planning decisions which you have made?

Mr. DAHMS. I don't think we have any enforcement at all. I think all we have—and to elaborate on Mr. Self's statement—all we have is the fact that in both the highway program and the transit program there is considerably more demand for new capital facility than there are funds.

And a criterion that we try to adhere to very rigidly in setting the priority for which highway project or which transit project is funded is, does it reinforce desired land patterns?

Now, that's how we would make our investment. If we do that and we don't invest in some facility because it doesn't reinforce desired land patterns, but someone in the private sector or for whatever reason an investment is made there anyway, in essence then the signal hasn't been given to them by government. Then they should not expect someone to come along later and solve the problem that they created for themselves.

I think this is a strategy that is relatively new and I think it's going to take some time before it becomes effective. But that, in essence, is the whole of the strategy that we have at our disposal.

Mr. MINETA. In your testimony you have suggested some changes in Federal transit assistance programs.

Do you have any specific suggestions for changes in federal transportation planning requirements which would better enable MTC to meet regional needs without undue paperwork and studies?

As an example, the TIP is the transportation improvement program. Do you have any specific kinds of suggestions for changes in transportation planning requirements?

Mr. DAHMS. I think essentially most tools exist. It is a question of whether we're prepared to use them.

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Jim referred to the extensive alternatives analysis. I think that's the place where we're taking something to 14 decimal points when the decision could have been made at the nearest thousand. And therefore we overstudied it.

Mr. **Mineta**. Incidentally, that reminds me. Should that kind of an alternatives analysis approach be applied to highway programs as well?

Mr. **Dahms**. Not that type. I think we ought to do the kind of thing we did in this county. It's not perfect, but it was a step in the right direction.

Local government, ABAG, our commission were all really jointly involved in that process. And one of the things we did was recognize that we did not have $1 billion to spend on highway facilities in the county, as was planned at the time.

So, we tried to make some reasonable assessment of what might likely be available and we came down to the notion that there might be $150 million in some reasonable period. So we prioritized on the basis of $150 million as opposed to a billion.

Now, I think that's the direction that we need to move in. Our commission, for example, has had a plan since 1973. We established highway priorities for the first time last year. We're establishing transit priorities for the first time this year.

We've been urged by the Urban Mass Transit Administration to have 5-year corporate plans for our transit operators so that they can get their objectives stated and their resources lined up and achieve those objectives in some rather more sophisticated way than in the past.

We're still in the formative stages of doing that. We're not doing it well enough yet. I think we have to zero in on those things. But it takes a commitment, it takes a belief that such tools are going to be useful to you. It takes a recognition that the boards of directors have to be involved. The top managements have to commit to these processes.

And a corollary to that recognition is that you don't have to get down to the nth degree of detail. Because that nth degree of detail is not going to have that much effect on the decisions—real decisions back here and some real political kinds of tradeoffs. Like can you raise fares or not. Who gets hurt and who doesn't get hurt?

But a lot of that can be made with some good small studies, a few good small studies as opposed to an all-encompassing alternative analysis which we've sort of gotten bogged down in.

I might add that the alternative analysis process is one that looks really at only a given capital investment. And so, we put—an example is this county—hundreds of thousands of dollars into that. And if you compared that to what we have left to put into corporate planning it's not very much.

And it is not surprising then that the corporate planning doesn't come along as fast and as well as you would want it to.

Mr. **Self**. Mr. Chairman, let me expand on that too. Here in California especially—and I think it's going to be a trend around the country—local governments are having to really take a hard look at the resources that are available to them in a way they've never had to. I'm not sure there's ever been a surplus of resources. People may have assumed that to be the case.

But in this State, with the passage of proposition 13, and with the passage of proposition 4, and with the potential passage of what's called Jaws II on the upcoming ballot, the resources available to this State and the local governments have been seriously reduced. The room for error has been significantly reduced also.

Where errors have been made they may never have been tolerable, but they've been able to be glossed over. Today an error becomes a glaring situation.

Local governments are facing up to their prioritizing—I think setting priorities much more responsibly than they have in the past.

I think the UMTA alternative analysis process is conceptually the right way to go to determine—to begin to determine where money should be spend and what are the implications of those spendings.

UMTA, unfortunately, has gotten itself caught in two things, I believe. One is just an overproduction of paper without any tangible end results in many cases. And one of the reasons for that, I think, is UMTA has tried to be kind of everybody, has never taken a hard line and said no until it was too late.

For example, if you look at what happened in Denver, they went through those hoops for years. And finally they said, here we are, we bought the farm, we're ready to build. And UMTA had to say, I'm sorry, we don't have the money.

And I think that's really the wrong way of going about it. I think the resources need to be clearly spelled out and what can be done within those resources. The findings should be what the planning process should be involved in.

And let me add one additional comment on how things could change somewhat. Currently in the bus application process you go through all the hoops to make your application for your buses. And then you sit there for a long period of time. Sometimes in the past it has taken 1½ to 2 years waiting for those buses.

I would like to see Congress and the Urban Mass Transit Administration get together on a method where there was a specific order placed with the bus manufacturers. And when you go through those hoops and you are ready to have your bus, somehow that bus is delivered rather than a promise for the bus and a 2-year time delay.

When we say we need those buses, we need those buses now. And I think UMTA and the Federal Government can get into that process either in guaranteeing bus construction by the manufacturers or actually purchasing buses. And once they determine an applicant should be receiving funds or that a particular grant should be approved, go along with the buses at that time.

I think you save a lot of time, a lot of inflationary dollars being spent on buses, and provide transit to this country as it needs transit—today and not tomorrow.

Mr. MINETA. Are you familiar with some of the statements made recently by Secretary Goldschmidt along that line, about the possibility of the Government being either the primary purchaser or guarantor of bus purchases so that there might be some certainty and stability in the manufacturing industry.

Mr. **Self**. I've spoken with Secretary Goldschmidt and I think he and I are in perfect accord on that. And I think that would be the position of MTC, although we've never talked about it. But I think we would be in agreement with that direction, and strongly urge that direction.

Mr. **Mineta**. Let me ask about ridesharing. We talked about transit capacity. We usually refer to fixed-rail guideway systems or buses. We know how many highways we have and the road capacity there.

What are we doing in planning in this whole area of ridesharing? Are we coming up with any kind of programs in that area?

Mr. **Self**. We've worked through MTC and through ABAG. Here in Santa Clara County specifically and in other counties we've worked with manufacturing associations and major industries to try to encourage computer matching, to try to encourage whatever the private sector could do to encourage ridesharing, carpooling, wherever possible.

I indicated earlier in my comments that we've set up a program called RIDES that's partially funded by us, by the Environmental Protection Agency, and Caltrans. And that program now has some 200 vans that it has put our on the road to work with private industry to take people off the street.

A statistic, Mr. Chairman, that may be slightly outdated at this point. But the average person—the average car in Santa Clara County at peak hours has 1.1 people in it. If this county could move to 1.5 persons per car, it would reduce the capacity or the demand for increased capacity by 20 percent. That's a pretty significant number.

So I think the county government and the county transportation agency and most of the transportation agencies and cities in the bay area are trying to encourage private involvement as well as public involvement in that ridesharing, carpooling program.

Mr. **Mineta**. What about private industries?

Mr. **Self**. Larry can speak to the success in other counties. But in this county the Manufacturers Association, which is a body of manufacturing companies that represent a significant proportion of the jobs in this county, have been very cooperative, have been encouraging ridesharing and carpooling for their employees. And I think it's beginning to have some success.

Frankly, it had most of its success during our energy crisis and then slacked off, unfortunately, when gasoline became more freely available.

Larry might comment on other——

Mr. **Dahms**. I should point out that the RIDES, Inc., which is both a vanpooling and carpooling center for the region, has private sector representation on its board of directors. So that's the main focus.

David Jones of the Institute for Transportation Studies at the University of California has a grant from Caltrans. He's working with lawyers in San Francisco on a related strategy, which is to see what can be done with staggered work hours.

The Golden Gate Bridge District has its own innovative vanpool program and club bus program. These are three examples of some of the things that are going on.

I think that as far as planning this kind of activity, there are a lot of people, including our own agency, who are rushing to find out if we can move a little faster in an area that maybe hasn't been given enough attention.

I would close the response by saying that it there's a real crisis in the short run—I'm not sure how to preface it—I think it's clear that more ridesharing is going to be a big part of the response of necessity. And a lot of it's going to occur on its own initiative without Government assistance.

Mr. MINETA. One of the things that might—I'm sorry, go ahead.

Mr. DAHMS. I was just going to put that in a juxtaposition with the longer run.

In the longer run you've got to get into land use strategies. And that's the point where——

Mr. MINETA. That is the point I was just going to raise. Because in the statement here you say one finding was that changes in land use would have a greater effect on traffic than any possible changes in the transportation system.

So, I mean if it is going to be that critical, I am wondering to what extent you can leverage on the system. What is the carrot or stick?

And the other point is that, as I recall, the David Jones work is comparing flex time with staggered work hours and one conclusion is that flex time would be more productive in terms of, let's say, transit efficiency.

Just using flex time and land use patterns, where does MTC have the kind of leverage on local agencies or the private sector, whatever, to be able to make some significant changes?

Mr. DAHMS. Well, let me separate it again, just for a moment. I recited some of the things that have been going on for a while. RIDES, Inc., is a couple of years old. Golden Gate has been in the club bus and vanpooling business for 2 or 3 years. Some of those things have been around for a while and are up and running now.

More recently, there's more attention being given to the flex time and what have you. And just in the last couple of months the general managers of the six major operators asked us if we couldn't devise a sort of an expedited strategy to deal with this question.

And the research that our staff has done—and it's certainly not been definitive, but it points in a direction—what you find are two things.

One is that the business people that we need cooperation from are being hit by three or four different groups. By the transit people, by the RIDES, Inc., by the staggered work hours, and we really need to try and get them hit by one and get one effective strategy as opposed to them being splintered.

And second, and even more important, is the fact that there isn't any single strategy that solves all the problems—even in the short run.

In the short run, in one case staggered work hours will help. In other cases, it won't. With the Golden Gate Bridge District fleet, for example, in their runs as far away as Santa Rosa, you've got to have them staggered over a long period in order to get the bus back up there for another run.

So you can see its obvious that in some cases the strategy doesn't work. In other cases, it will work.

And so what we are now proposing is to launch a program with a strategy menu so that for the downtown San Francisco people who have transit, we'll try to work around a transit strategy. And someone in a remote plant location will have a vanpool strategy, and all the things in between.

We're trying to put together a strategy menu. And then with that strategy menu we hope to have one contact that goes to these different private employers to try to encourage their participation.

As to your other questions, this business about how do you leverage the land use. Again I have to acknowledge that we do not have the leverage other than to say that we set priorities as to where the major capital investments are made.

And there wer're trying to tie them together and say that the desired land use development will be an important factor in determining which project gets funded and which one doesn't.

Transit ordinarily works best where there's density. And so that's why transit strategy as a longer run strategy becomes important, because of its tie-in with density.

But in the short run, the vanpool strategy, the RIDES, Inc., strategy, encouraging the inventiveness of the individual strategy, are the ways that are going to have to be developed as well.

Mr. **Mineta.** Thank you.

Mr. Stangeland?

Mr. **Stangeland.** Thank you, Mr. Chairman.

Mr. Self and Mr. Dahms, I am wondering what has been your experience with UMTA's transportation system management program? Has it helped or has it hindered your efforts in planning?

Mr. **Dahms.** I think that's a very good example of a very good idea that is still in a formative stage. I think in our case it is helpful, as long as it's not viewed as a document but instead is viewed as a management process. And that is how we are trying to view it.

And also, as long as we don't give it artificial definitions like it's transportation systems managed through strategy, short range as opposed to long range, or not capital as opposed to capital. I don't believe we should view it that way.

I think the thrust that's important that comes from transportation systems management is the word "management." And that is that we should look at in any transportation problem, and then look at the alternative ways of approaching it—be they an operating strategy or a capital strategy.

And I think that, as a matter of fact, one of the attachments that we submitted with this testimony is a copy of our transportation systems management plan for this last year. And in there we attempt to show what the problem is. We attempt to show what we're doing about it. And we attempt to show what else needs to be done that we might be able to do, or what can be done.

We just finished a study, for example, of San Leandro Bay, where we decided that any solution is too costly. Therefore, we can't do anything. And the only thing to do is to tell that community you'd better not continue to expand because all you're going to do is have more congestion.

Now that could be seen as a noncapital—that we turned away from a capital solution in that particular case. But I think the main point is, we came to grips with a real problem and said sometimes "no" has to be the answer in a certain case.

Mr. **Stangeland**. I think, if I recall correctly, you mentioned something, Mr. Self, about paperwork. We heard in Atlanta from one of the witnesses that there was a great deal of paperwork involved in requiring people to do what they probably could see for themselves and do for themselves.

And I wonder if you have had that experience at all?

Mr. **Dahms**. Well, I think it can be that, but it doesn't have to be that. Our approach is that we don't want to do something because it's a requirement.

I mean, if somebody just said you write a report because it's a requirement, it's going to be a very short report from our point of view.

But if someone says that there is a new thrust which says let's focus more on management systems, now what kinds of effective strategies can you devise to do that, then we think that's a good idea.

And that's the way we interpret the transportation systems management thing.

I've seen a lot of those reports that are just so much paper. But I don't think we ought to focus on the report. I think we ought to focus on the decision process and an attitude that we bring to the decision process.

Mr. **Self**. Congressman, let me just expand on that, too. In this county when we undertook the Santa Clara County corridor study, a number of us sat down and said this will be the results. And you know what, that was the results.

Local decisionmaking people have the capacity many times to be able to perceive their own needs in a real world and make a decision.

Now, I'm clearly conscious of many other situations where conclusions were developed without clear thinking and without a clear analysis.

But the process is such that it demands that analysis in many ways. But where the answers are very clear, there is no need for elaboration that takes four volumes of justifications.

If we can, looking at a linear situation, there's only one way to get between A and B and that's draw a line, and your choices are light rail, railroad, express bus lines, then I don't think we need to write two or three volumes to justify that statement.

And that's where I think a lot of the paperwork gets very redundant and very unnecessary and time consuming, and inflationary. It's very wasteful of money.

Mr. **Stangeland**. To what extent is private enterprise—you mentioned something about the Santa Clara County Association of Manufacturers—used to provide public transportation within the MTC region?

How active is private enterprise in the MTC region? How active has it been?

I will follow that up. The second part of the question might help you answer the first, and maybe the second part is the one that needs answering.

As a planning agency, what do you believe the role of the private sector should be?

Mr. **Dahms**. It's a little hard to get into that. I think when the emphasis is being given to staggered work hours and that sort of thing. While we can be the catalyst, the real commitment has got to be made by those companies. So there is a major role there.

But historically, if you're looking at what's happening with private envolvement in the region, there's been the Southern Pacific commuter railroad and, hopefully, we're about to have a contract to keep them in business. They haven't been too anxious to continue that commuter service.

Then there's been Greyhound services and in the major corridors the Greyhound service has been phased out and replaced by public transit. On the fringes of the region Greyhound is still important to us. Some of the routes that are important to us, though, they consider to be marginal.

So we're always facing the battle of them going to the Public Utilities Commission and asking to get out of providing those services. So, we've got sort of an adversary rule sometimes with them trying to sustain those services.

And, finally, I'd like to touch up on the fact that we allocate funds to almost 100 agencies. We talk most about and dwell on the six major transit operators. But actually we're providing taxi subsidies and funding small operations, many of which are private, in what would be our paratransit program.

The testimony makes reference to the fact that we have through our policies caused to be created paratransit coordinating councils in each of the nine counties where the users and the suppliers get together and make sure these services come together.

And then we allocate funds to these suppliers, many of which are cab companies and that sort of an operation. So, that's sort of a thumbnail of the various private involvement operations.

Mr. **Self**. Mr. Chairman, let me expand on that with a little different point of view also, and just give you an example of the question, what role does industry have in this.

Let me just use Santa Clara County as an example. And I expressed to you earlier the relationship between the home-to-work commute and the long travel that's occurred.

The industrial base has a very important role to play in this. And they were required to play a role in this—not by any policy, not by any legislation, but out of sheer necesssity.

The example being, in Santa Clara County in 1977, San Jose had $78 million worth of new industrial starts—second in the State of California to Los Angeles, second in the United States.

That was only 30 percent of this county's development. This county as 15,000 vacant jobs and is creating turnover and new expansion at an unprecedented rate. This is one of the highest growth, highest counties in economic productivity in the country right now.

But what's happening is, the expansion of that industry is coming so fast that the governments can't respond without shutting down industrial expansion. And that is a question we constantly debate.

I think I can speak for most people on the city council and in the governmental bodies. They don't want to be put in that role of having to shut down industrial jobs expansion.

But we're finding that the creation of that expansion at the rate it's happening—and that applies to a good extent in the bay area—is happening so fast that we can't move people back and forth.

So, there's a major role to be played in accommodating that movement.

Mr. **Stangeland**. This morning we saw an excellent bus system and garage facility. I am wondering, aside from transit operations, how extensive is ridesharing in your transportation commission region?

Is it something that is catching on? Has it not caught on?

Mr. **Self**. Let's give you some of the statistics.

Mr. **Dahms**. I guess the best two examples are the Golden Gate corridor, where the Golden Gate Bridge District offers a variety of different kinds of ridesharing.

And the other good example is RIDES, Inc., where in about 2 years they've organized and gone from zero to about 200 vans on the street.

As far as carpooling is concerned, I don't have any numbers here in the volume, other than to say that the percentage increase in the Golden Gate corridor has been running 5 to 6 percent. In the Bay Bridge corridor, about 10 percent increase in this last year.

Mr. **Stangeland**. How much of an increase in ridership could the San Francisco Bay area transit providers absorb?

In other words, at what capacity is your system running and how much more could you handle?

Mr. **Dahms**. Well, let me give you an example on that. Last May when the crisis occurred—and I think a lot of this was constrained by capacity—when the crisis occurred, AC Transit, the East Bay bus operator, increased 6 percent in May; BART, the rail system, increased 15 percent in May; Golden Gate Bridge District, the transit bus and ferry bus operator from the north, increased 8 percent in May. San Francisco Municipal Railway in San Francisco increased 20 percent. SamTrans in San Mateo County just north of here increased 40 percent. And this county increased 65 percent.

Now, the base that they operate from, the Muni base, is 464,000 riders a day. So, that was 20 percent of 464,000.

Santa Clara's base was 63,700. It was 65 percent on that. And I might add that the fact that Santa Clara was in an expansion mode at the time that this crisis hit helped. In other words, they had more capacity that could be filled.

And I think this is a good example that if the capacity is there, people are going to move towards it.

AC Transit, on the otherhand, with a base of 191,000 riders a day, had a 6-percent increase largely because they were already almost full.

Mr. **Stangeland**. Thank you.

I call now on our professional staff member, Mr. Charles Krouse, for any questions he might have.

Mr. **Krouse**. What is the role of the MTC in setting the fare structure in the individual transit systems—Santa Clara County, BART, whatever?

Mr. **Self**. By law it's the responsibility and the authority of the independent transit operators to do that. We don't have a role in setting that fare structure.

Mr. **Krouse**. You do have a voice in setting bridge tolls?

Mr. **Self**. Yes, we do.

Mr. **Krouse**. But not the fare for the transit systems.

What fexibility do you have in distributing section 5 funds? This is the formula money made available under the urban transit assistance program to your constituent jurisdictions. Do you have any fexibility in who gets how much of that money?

Mr. **Dahms**. The money comes here to four urbanized areas. There are four urbanized areas in this region, the largest of which are the San Jose area—urbanized area—and the San Francisco-Oakland area.

In the San Jose urbanized area only Santa Clara Transit is eligible. So all the funds go to that agency.

In the San Francisco-Oakland area, there are five major operators and some smaller operations that are eligible. And we allocate among them. As a matter of fact, those funds are by and large allocated on a formula basis similar to the formula that is in the law in the first instance.

We have used discretionary allocation authority to try to achieve some things we think are important. But we've used in the past TA funds which are State-authorized funds, and more recently 620 funds—a new State authorization—as a mechanism to do that. But that doesn't preclude using the section 5 funds in the same way. To date, they haven't been used that way.

Mr. **Krouse**. As you know, the section 5 funds are distributed nationally on the basis of population and population density.

Do you think that is an intelligent, sensible way to distribute these funds? Or would you envision any change in the formula that might be more conducive to stimulating transit development in your area—and possibly other areas of the country?

Mr. **Dahms**. Well, we favor any form that brings more money to our region. And we're familiar with some of the battles that take place in Washington on that.

Mr. Self's testimoney shows that of the $500 million, roughly $500 million costs for the operations in this region, 15 percent come from the Federal Government.

That percentage, that money, is important to us. But we don't see it as a source of leverage for these other items. And therefore I don't see an effective strategy or changing the formulas as a question of leverage.

It seems to me it is more a question of equity, as you decide it in Washington.

I do think that we need to seek the efficiencies that you look for when you look for these leverage points. But I think that we need to recognize, however hard it is, that these transportation systems management approaches, the corporate planning requirements, our State performance audit requirement—these are tools that we have that are all new to us.

And we're all trying to hone up those tools to make them useful. And I believe they're going to be productive. I think they're already paying off a little bit and I think they're going to pay off a lot in time.

But I think that's really where we ought to focus our efforts—on the deficiency question. It may not have much pizzazz. But I think in terms of the real practical nuts and bolts way to get at the problems of efficiency, it's sharpening up those tools. That's the way we're going to ultimately get there.

Mr. **Krouse**. A final question. There has been a rule of thumb in the transit business for some time that if you increase fares, you decrease ridership. And I think there has even been a percentage ratio that has been used.

Now, recently we are hearing that where fares have been increased, ridership has not necessarily decreased. In your opinion, do you think the rules of that game are changing?

Mr. **Self**. I do. I think that the rule is changing. I think that if you provide a reliable and competent transit system with an increase in fare people are going to continue to ride.

The demand in ridership across the country, here in Santa Clara County, here in the bay area, is a clear trend upward. People are willing to make the move, and I think the major criteria that they're looking at are reliability, are safety, are variables such as those.

The fare certainly play a role in it. If it went from a quarter to five dollars, it would clearly have a marked impact. But going from 25 cents to 35 cents or from 25 cents to 50 cents—that is now being proposed in the San Francisco Muni Railroad System in San Francisco—I think will produce a short-term drop caused by the immediacy of people being angry. But I think that the ridership will continue to grow off of that short-term drop in a very quick period.

Mr. **Krouse**. Thank you, Mr. Chairman.

Mr. **Mineta**. Mr. Self and Mr. Dahms, let me thank you very, very much for your very fine testimony. This whole issue is one just getting so much attention right now. And much of your own experience is something that we can draw on, as well as those others who we have not yet heard from.

And I want to thank you for your presentation and your appearance here today.

Mr. **Self**. Thank you very much, Mr. Chairman.

Mr. **Mineta**. At this time I would like to call on the director of the State of California Department of Transportation, Adriana Gianturco.

Ms. Gianturco, would you please come forward.

TESTIMONY OF ADRIANA GIANTURCO, DIRECTOR, CALIFORNIA DEPARTMENT OF TRANSPORTATION

Ms. **Gianturco**. Mr.Chairman and Members, thank you for the invitation to appear before you today. Your topic is both timely and important, and it is one which we in California are very concerned about.

The purpose of my testimony today is to encourage you to provide more Federal funds for transit as a primary way to respond to our mobility needs in an energy-efficient, environmentally sound manner.

I would like to start first by discussing briefly why we think increased transit is necessary—including some general trends we see in California regarding auto travel reduction and increased transit usage.

Second, in response to the need for energy-efficient and environmentally sound transportation, I will describe our new State level transit program funded by legislation signed by the Governor last July.

Third, I will discuss the need for additional Federal funding for UMTA programs to complement our State effort.

And last, I would like to offer a few comments on ridesharing and transportation systems management programs as you requested in your hearing announcement.

Last July, I testified to this committee's Surface Transportation Subcommittee on the need for adequate transportation revenues coming from the windfall oil profits tax. At that time we were experiencing long gas lines throughout the Nation.

What resulted in California was a significant decrease in auto travel and a similarly significant increase in transit travel, and these trends have continued even though adequate gasoline has been available and in spite of the fact that transit service availability and quality have not substantially improved.

Travel on California State highways is estimated to be ½ billion vehicle miles less per month on the average than it was last spring before the gas shortage and gas price increases.

This is roughly a 6 percent reduction in travel. Gasoline sales are approximately 70 million gallons less per month than projected—a 7 percent decrease.

Meanwhile, transit ridership for 1979 has been averaging approximately 10 percent ahead of 1978 levels, with some operators reporting increases of nearly 40 percent. There was one mentioned earlier today over 60 percent.

Amtrak ridership in California is skyrocketing also. On the two trains that run exclusively in California, the San Diegan and the San Joaquin, combined ridership is up 42 percent from 1 year ago.

The cost of gasoline is certainly one significant cause for this turnabout, and with petroleum prices expected to continue to rise, we can surely expect the demand for more and better transit to continue.

Given these trends, and because of our longstanding concern in California to provide a balanced transportation system, Governor Brown signed legislation last July putting in place a landmark transit program.

This new legislation—designated as the SB 620 program—increased State transportation funds for transit by approximately $360 million over the next 3 years. Funding for this increase is from the State sales tax on gasoline. This law also makes possible continuing appropriations of funds after the 3 years in gradually increasing amounts.

These funds are directed into certain specific categories of activities, including $150 million over the 3-year basic program period to local transit operators to supplement their ongoing transit services;

$65 million for urban rail projects; and $36 million for intercity and commuter rail, both capital and operating.

In addition, Senate bill 620 provides for an initial $8 million for intermodal transfer facilities, $10 million for alternative fuels research, $1 million to develop an intercity bus program, and $10 million in discretionary funds for public transportation use.

I would like to discuss a little later how these programs are affected by parallel Federal programs. And there is a very severe problem there in my view.

Incidentally, in California, with this legislation, the State and local annual commitment to transit is approximately $690 million. And depending on how you define what is State and what is local—and there is some dispute over how you make the distinction between the two—State funds are running at about $400-$500 million a year going to transit for purposes specified under State law.

If you compare this to the last 4-year annual average of $200 million of UMTA funds California receives, you can see that there is a significant—and in my view, disproportionate—effort. We are now putting more than three times as much of our own resources into transit as the Federal Government is putting into transit in California.

We believe that if we can make this kind of commitment to transit out of State funds in California, the Federal Government should be making a corresponding commitment to transit at the Federal level. It is all taxpayers' money.

It does not seem that the Congress yet sees the magnitude of the effort needed to keep up with the need for additional tansit. Only $13 billion over 10 years of an estimated $230 billion-plus from the windfall oil profits tax is being considered for transit.

While this would be on top of the present annual UMTA appropriation of approximately $3 billion, it only represents a one-third increase.

In my testimony earlier before Congress, I testified that the national need for a major new Federal transit investment program should be more on the order of $4 billion a year or $40 billion over a 10-year period.

This, in our opinion, should be the level of transit funding from the windfall oil profits tax and it should be in addition to fully funding present UMTA-authorized program levels.

If we were to make this national commitment at the level that I am suggesting over a 30-year period, it would roughly approximate the Federal commitment to highways over the last 30 years.

I should say that in my opinion we have good highways in this State and in this country because we have been willing to put a large Federal investment in them.

I think we should now make the same kind of national investment in transit.

I would like to discuss now some of the specific UMTA program needs in California as we see them.

Section 3 funding for major urban rail systems needs to be increased to allow for new starts and major expansions. California has identified many projects that have local support but need Federal help to initiate.

In Los Angeles, we have the Wilshire starter line as well as proposed new transit services in connection with freeway network improvements and expansions.

We also see an urgent need for new rail services in Santa Clara County, South Lake Tahoe, Sacramento and Orange County. Expansions of existing systems are needed to San Francisco Muni, BART, and the new San Diego System, which is going into construction shortly and which is being built without any Federal funds—all State and local money.

In total, as I previously testified, we have identified over $4.3 billion worth of feasible major transit improvements now in various stages of planning which could be brought on line in California in the next 10 years.

The current funding level for section 3 provides for little more than a continuation of recently started systems and rehabilitation of the existing systems, none of which—except for BART which was initiated with local funding—are located in California.

This, on top of the fact that California from 1970 to 1978 received less than 8 percent of overall UMTA funding, yet has over 12 percent of the Nation's population, points to a proposed funding level far short of the need.

Section 5 operating assistance will continue to be a problem with the rapid expansion of transit systems necessary to keep up with demands. Since it is my understanding that a number of other people are testifying and will testify before you and cover this section in more detail, I would like to restrict my comments on section 5 simply to tier III, which is the commuter rail portion.

Caltrans has been very active in intercity and commute rail activities. Since 1976, we have been working with Amtrak to provide a high level of service between California's two largest cities, Los Angeles and San Diego.

Ridership in this corridor has had a healthy growth and we are confident that continued growth will occur. Los Angeles-San Diego now has the highest ridership of any intercity corridor outside of the Boston-Washington or Northeast corridor, with a growth of nearly 300 percent since the State became involved in providing rail passenger services.

I understand that hearings are scheduled shortly in California by the House Commerce Committee to explore the possibility of providing funding for high-speed rail service, similar to the Northeast corridor program, to several intercity corridors in California and elsewhere. And we would wholeheartedly endorse such a program.

I realize that this committee does not have responsibility for Amtrak. However, since many of the UMTA programs impact Amtrak, I would like to disgress a bit to reaffirm our strong support of Amtrak.

As you probably know, Caltrans vigorously opposed the USDOT proposed route restructuring—to the extent of instituting legal action to try to stop it. And although we are not completely happy with the final results, we feel gratified that at least some of our concerns were converted into changes in the report as it finally came out at the end of the congressional deliberations over the Amtrak bills.

We believe that rail has a tremendous potential for providing a cost-effective efficient method of moving people and we should not hesitate to invest resources to take advantage of this.

In the Los Angeles-San Diego corridor, as I mentioned before, the Caltrans/Amtrak-sponsored San Diegan trains have an actual fuel efficiency now of about 100 passenger miles per gallon.

As you know, vehicle fuel efficiency is very sensitive to vehicle loadings. And as ridership improves, efficiency will be even higher.

Hypothetically, it goes something like 180 miles—passenger miles—per gallon in that corridor.

The department is working with local agencies to preserve the Southern Pacific's commuter service between San Jose and San Francisco—as has been previously mentioned.

Ridership on the existing Southern Pacific Service has grown dramatically as a result of the escalating problems of auto commuting and a joint State and local marketing program.

At present we are developing with Santa Clara County Transit, SamTrans, and San Francisco Muni, an application to UMTA for upgrading the service for an estimated request of about $100 million over a 5-year program.

In the Los Angeles area, we are developing a 3-year program using State funds provided through the previously discussed new State legislation—SB 620.

Presently, we are having difficulties obtaining any cooperation from the railroads—which we take as a clear indication that they are confident that such a service would be a success.

As service is implemented and proven viable, we expect to apply for UMTA capital assistance funds to increase those services. The three potential corridors involved in this area are Los Angeles/San Bernadino-Riverside, Los Angeles/Oxnard, and Los Angeles/Orange County. And that could require funding of about $36 million in the next 5 years.

The 1980 appropriation for commute rail, tier III, nationwide was only $90 million of an authorized amount of $130 million. Of this amount, California received approximately $2.7 million.

As the planned services that I just described indicate, this amount is totally inadequate to meet our needs for both operation of existing services and to add desirable new service.

Our recommendation would be to increase the tier III appropriation to the authorized $130 million to cover existing services and to increase section 3 funding to cover capital costs for new services.

I would like to comment now on section 18, which is the rural transit assistance program. Although this is a new UMTA program, it is, in my estimation, one which is of very great importance.

In rural areas low-income people and the elderly and handicapped presently have no opportunity for mobility unless they have access to someone with an automobile. Only by providing transit in rural areas can we provide mobility for these citizens similar to the mobility of their counter parts in urban areas.

Unfortunately, the appropriation for section 18 was only $75 million for 1980 under an authorization of $100 million, which was not adequate to begin with.

The response in California to this program, which is just now getting started, is expected to far exceed the amounts available. It is estimated that in California our need would be approximately $12 million annually in new funds, and we annually receive $3.2 million.

Section 21, intercity terminals, was established by Congress and was authorized at $30 million per year. But no appropriations have been made for 1979 or 1980.

Instead, we have been told that section 3 and section 18 are available for these types of projects. Unfortunately, both of these programs are already short of funds and unable to meet the demands on them.

To compound this program, the President's urban initiative program, proposed at $200 million per year, and at first thought to be new funds, were instead funded from the already strained section 3 program and funded this year at only $80 million.

California has already committed over $25 million to an intermodal terminal program and solicited projects to consider for funding.

The response has been absolutely staggering, with good eligible projects submitted for a total cost of $337 million—of which a minimum of $182 million in Federal funds is needed. Virtually no Federal matching funds have become available since our initiation of this program.

Section 22, Intercity Bus, is another program that was authorized by Congress, but for which no Federal funds have been appropriated.

Again, the State has committed funds—in this case $1 million for this fiscal year for the development of an intercity bus program. And we propose to continue this program in subsequent years.

We recommend that a Federal policy and a better identified program for intercity bus services be established, since we feel this is an area in which there is the potential for significant energy savings.

While we believe increased funding for new transit services and fully funding existing UMTA programs is the primary way the Federal Government can respond to providing mobility, it obviously isn't the only solution.

Your announcement on this hearing also asked for comments on ridersharing, which is another important way to provide efficient mobility.

Our ridesharing, bicycle, and transportation systems management programs are all vital parts of our overall transportation effort in California. And we again at the State level are putting increasing amounts of State resources into these programs year to year.

In California over the last 3 years, 50,000 persons have been placed in carpools or vanpools with an estimated savings of 22 million gallons of fuel and a reduction of 12,500 tons of pollutants.

In 1979, ridesharing applications processed have increased more than 200 percent over 1978. State funding—this is not Federal funding—in 1979-80 for ridesharing services and facilities is $5.3 million, with an added $1.2 million in Federal moneys. The 1980-81 State levels are expected to increase significantly.

Perhaps here I could try to answer the question that was raised by the Congressman having to do with ridesharing in the Bay Area.

The program here is called RIDES, Inc., and we don't have numbers on persons placed. But we do have applications. Comparing 1978—11 months of 1978 to 11 months of 1979, the first 11 months of 1978 there were 8,630 applications to RIDES, Inc. In 1979 for the same period there were 24,520—which is a tripling.

While I don't want to go into detail on all of these programs, there is one important point I want to make regarding the Federal funding which supports them. And that is, the need for each State to have maximum flexibility in planning, developing and funding these projects.

This is especially important at this time when new programs are being tried, public acceptance is being tested and total benefits are not known.

For this reason, we in California strongly support Congressman Howard's proposal for a transportation systems management program as contained in his committee-sponsored bill, H.R. 5375, introduced last September.

As we interpret it, this program would be a block grant to the States apportioned by formula to be used for various energy conservation projects on any nontoll public road.

Included are traffic system management projects, fringe and corridor parking facilities, carpool and vanpool projects, bicycle projects, preferential treatment for high occupancy vehicles, and others. This is an ideal program to complement and enhance our State and local efforts and should prove to maximize benefits derived with the least amount of redtape and delays.

To conclude, I would just like to summarize by saying that in our opinion increased transit facilities must be a principal ingredient of our approach to provide mobility for Americans.

You mentioned, Mr. Mineta, in your opening statement that transportation uses over 50 percent of petroleum-based energy in this country. The percentage is higher than that in California.

I fully agree with you that any effort to deal with this problem that doesn't take transportation into full account is an effort which is not going to get very far.

I think we have made this a key element of our strategy in California to deal with the energy problem. And we have backed up our commitment with dollars. And that is where it counts.

We strongly advocate a major new Federal initiative in the transit area. Thirteen billion dollars out of $230 billion of the windfall oil profits tax is woefully short.

In addition, at the Federal level we have not seen a congressional commitment to fully funding all UMTA programs in the past, and I think we need to make that commitment in the future.

With a combined effort—State, Federal, and local—we will begin to provide the resources for a transit investment program that will create the capacity to handle what we think is a long-term demand for personal mobility by means of public transportation and other energy-efficient means.

Thank you very much.

Mr. Mineta. Thank you for a very thorough statement. I always marvel, frankly, at your uncanny ability to be able to hit at specific issues. And again you have come through in an admirable fashion.

Ms. Gianturco, let me ask you this. Say we are faced here in California with another round of gaslines as we experienced in 1973–74 and the spring of this year.

Is there anything that the State of California would do differently? And also in responding, what is the current California position relative to rationing?

Ms. Gianturco. I don't know that I can answer either of your questions. In terms of how we would respond to gaslines, I think we took action at the time of the last gaslines—of course, we got them before anybody else did so we had a headstart on the rest of the country.

We had new transit legislation in place 3 months after the lines were there. And we now have a tool so that we can funnel money. And we have appropriations to do it.

Of course, in the short term—this has been mentioned by other speakers—you don't get major capital investments on line. What you have to use in the short terms is the tools that are already there, carpool matching types of things. Try to use the transit systems as they exist.

I don't know that we can do much more than we have done in the past. I think we are in a better position now to deal with this problem because we do have a State program in place which we did not have at the time those gaslines formed originally.

We had a lot of bits and pieces of things. We had our ridesharing offices in operation. They were capable of handling this increased demand. And my principal concern is that this is a long-term problem. It is not something that has come and gone. And we have to put in place and have a sustained commitment to handling it on a long-term basis.

In terms of the State position on gas rationing, I can't give you one. I wouldn't be the appropriate person to give it to you in any event. That should come from the Energy Commission.

Mr. Mineta. You refer in your own testimony to the controversy about the value of new starts—that is where you want to see a lot of money being placed.

In practical language, new starts really translate into rail starts—new rail starts. In California we have several contenders. You mentioned Los Angeles, we know of one here in Santa Clara County.

But some have suggested that the increased funding to come from the excess profit tax should not be available for new starts, but rather that they should be the lowest priority for funding. The rationale for that usually is that new starts are not the way to get the most increased amount of ridership in the shortest possible time period.

And I am wondering if you could comment on the value of new starts?

Ms. Gianturco. Well, I frankly don't understand that reasoning. If you take that reasoning, you could say any part of the country which is highly dependent upon the automobile is going to have to remain highly dependent upon the automobile regardless of the fact that the gasonline may not be there or cost $3 a gallon. I firmly believe that it is time to make a major national commitment in transit similar to what has been made in highways.

If that attitude had prevailed in the highway area, we wouldn't have any higways. If all you do is build on what you already have or repair it, you never get ahead of the game.

I think Santa Clara County is a perfect example. There has been a huge surge of demand for transit here. There is no rail line now. Does that mean that Santa Clara County is never going to have a rail line other than the Southern Pacific?

Mr. MINETA. One of the elements in the new starts battle has been the allegation that new rail systems are not necessarily more energy-efficient than other transporation alternatives.

That charge was made, for example, in the 1977 study by the Congressional Budget Office. Now, critics of this study have countered that, first of all, the advantage of rail systems is that they run off of electricity which can be generated by almost anything, rather than by the more critical petroleum which fuels automobiles and buses.

And, second, that the study did not take into account that the rail system altered the pattern of development around it and that in turn generates considerable energy savings.

I wonder if you could comment on this dispute over the energy significance of rail transit?

Ms. GIANTURCO. Well, let me comment two different ways. First of all, there are of course different types of rail systems and to lump them all together I think loses the significance of the differences which is substantial—the difference between heavy rail and light rail, for example—in terms of costs, capital costs, operating costs, and so on.

Second, we're not necessarily talking about rail systems which involve tremendous initial investments at all, in that a number of rail projects have the possibility of using lines that already exist.

That is the case with the San Diego system. They are utilizing tracks that were laid for a freight line. And it is being converted for passenger use. And that turns out to be a fairly cheap proposition.

Now, the commuter rail services that we use thinking of setting up in the Los Angeles area, again may use existing track. And it seems to me that is very good public policy, to use existing investments wherever possible as opposed to completely new ones.

We have large amounts of track in many parts of the country which under certain circumstances can be approximately converted to passenger use.

Mr. MINETA. In your view, do existing Federal policies work to bias state and local transportation system decisions to favor one mode or activity over another without regard of what is the best solution to the area's transportation problem?

Ms. GIANTURCO. Absolutely. For one thing, the pots of money are not interchangeable. We may go through the fanciest alternatives analysis in the world as part of an environmental impact statement on a highway project, and unless that highway project is on the interstate system, if we were to determine that a more reasonable investment would be transit, we cannot transfer those funds.

And of course, in addition to that, the funding ratios are different and they tend to favor highways over transit. And further, the amount of money is much greater under the highway program than it is under the transit program—at the Federal level.

So, all those things combined, it seems to me that the Federal policy is heavily biased toward highways.

Mr. **Mineta**. And recognizing that problem, I tried to get an amendment that will allow for the transfer of interstate funds for transit purposes at the 90-10 rather than revert to 80-20.

Ms. **Gianturco**. In addition to that, I was referring to the fact that what's being studied as a highway route that's on a primary system, there is no comparable provision to the interstate transfer called primary transfer. In that case, you build the highway or you lose the money.

Mr. **Mineta**. All right. Given that same bias that you talk about between transit and highway, what about—within transit—what about section 3 at 80-20 and section 5 at 50-50?

Ms. **Gianturco**. Well, I think historically there has been a bias at the Federal level toward capital investments as opposed to operating.

I know that this is a major issue. I haven't really sorted it through in my mind. I know that there are a lot of people that feel that the responsibility for operating and maintenance should be left at the local level and the Federal Government shouldn't get into it.

I personally think that maybe that position ought to be rethought, that we are entering a new area. But I can't give you any definitive answer on it.

Mr. **Mineta**. Given that and recognizing the 90-10 and the 80-20 highway transit difference, how could these biases be removed? Or what other kinds of suggestions might you have so that Federal policy could better assist the State and local agencies in making these kinds of intermodal choices?

Ms. **Gianturco**. We would suggest much greater flexibility, basically, in the use of funds. We have testified on numerous occasions within the highway area itself that the number of categories should be cut down and that we not have so many separate cookie jars.

Basically, make the money available for where it is going to do the most good, rather than artificially constraining it to start with.

Mr. **Mineta**. Would you foresee better application of funds if you had some kind of block grant approach instead of the cookie jar segregation?

Ms. **Gianturco**. Yes, I would. Very definitely.

Mr. **Mineta**. You know, there is a very difficult thing. I think there are 37 cookie jars in the highway program, and I had an amendment to try and cut that down to about six and got totally blown out of the water. Everyone is trying to protect their little jurisdictional programs—the lumber roads here in California or the——

Ms. **Gianturco**. The economic growth centers.

Mr. **Mineta** [continuing]. The farm to market roads, and all these other kinds of cookie jars that you allude to.

Ms. **Gianturco**. I know, we had the same experience when we proposed it. It doesn't get any place.

I think the problem is that people tend to make decisions on an incremental basis. One program may make sense for a while to serve a special purpose, but in the overall context of is the public interested served, it isn't.

And some of these programs also, I think outlive their usefulness. They are put into place because somebody had something specific in mind at a point in time. And then once it's in place, it's very hard to get rid of it.

But we would still urge the Congress to keep considering that as an option.

Mr. **Mineta**. In the testimony preceding yours, delivered by the Metropolitan Transportation Commission, two instances were mentioned where there were disagreements between Caltrans and local officials on decisions involving highway and transit issues in Marin County and revenues from the Bay Bridge.

One, how is Caltrans working to relate the two modes, highway and transit, and its funding decisions and policies?

And secondly, could the slowdown in State spending for highways be attributed to a conscious effort to foster transit rather than—and to conserve energy?

Ms. **Gianturco**. Well, let me comment on that in three parts. First, I believe it was regrettable that MTC chose to attack Caltrans within this setting. But since it has been done—and I assume this is all on the record—I would like to have on the record what in my opinion has occurred. Just exactly the opposite of the picture presented by MTC.

In the case of Marin 101, which is the construction of an exclusive bus-carpool lane on a State facility, the department's decision has been that such a lane should be constructed for all the types of reasons we have been talking about today.

We've recommended funding on the order of $10 million. MTC recommended a lower level of funding, not a higher level. Perhaps they have some strategy going here. But in any event, Caltrans was on the side of let's build that lane and let's put the money in. And our position prevailed.

On the second instance, which has to do with the toll bridge funds, the situation there is that MTC last year insisted on the addition to our highway program of approximately $30 million worth of highway projects that the department had not recommended.

The money had to come from some place. Nothing is free. And in order to fund those projects, we proposed the use of, in essence, a transfer out of toll bridge funds which has an impact on transit.

And that is the situation. In both instances it was generated by MTC interest in highways and Caltrans' interest in transit.

As to your other questions here, how do we relate highways and transit in our decisionmaking process, it is difficult to do.

Aside from the reason I mentioned having to do with Federal funding that is in separate categories, we do not have a choice between the two.

You can go through elaborate analysis, but the bottom line is the money is available for one or the other, usually not both. It is not one single source of funding.

We have the same problem at the State level. We have a highway trust fund at the State level. We cannot transfer, except under a very cumbersome procedure, moneys out of highways into transit. That can be done in seven counties in California where proposition 5 has passed.

We tried—and it is part of the environmental process, the single process that exists now—to make a rational decision about what project is to be constructed in a particular area as part of the alternatives analysis portion of that process.

Commenting on your last point: Is the slowdown in the highway program a deliberate effort to increase transit. I would have to say that it may have that effect. But that was not the intent of it.

The slowdown in the highway program has come because highways have become much, much more expensive to construct than they have been in the past. The revenues have not kept up with that.

This is not a new trend. It was emerging as early as 1973. At that time, we totally revised the way we think about highway projects. We got every heavily into the concepts of TSM, the down scoping of projects, of emphasizing rehabilitation of what's already there as opposed to new construction, trying to make small cost-effective improvements.

All that together has resulted in a highway program which is quite different in character than it was in the 1960's. I think that is a natural evolution. The big years of highway spending in California and most of the country were in the late sixties.

And times have changed and there is a slow evolution away from that, with a correspondingly heavier emphasis on transit.

Mr. MINETA. I would be interested in your comments on Caltrans policy toward the preservation of right-of-way for future fixed guideway transit through heavily populated existing corridors.

As you are well aware, here in Santa Clara County, for example, there is an opportunity to secure vacant right-of-way in the west valley.

Now, if we give it up now it will be almost impossible to get hold of that right-of-way in the future. What do we need to be doing in this kind of a situation?

Ms. GIANTURCO. Well, the issue there is not, as I understand it, to necessarily preserve it for light rail or rail, but for potential highway. And that's how the issue got started. It was preservation for highway purposes.

It has now been redefined as preservation for transit purposes, which could include rail. However, the amount of land that's being talked about is the amount of land that would be required for an eight-lane freeway—which is substantially more than that would be required for a rail line.

In any event, it is extremely expensive and that's what it boils down to. I think that preservation—and I'm not sure if I'm talking about 85 or 87 now—is on the order of something like $150 million for right-of-way. And that is a lot of money.

Mr. **Mineta**. But obviously there is a highway versus transit versus multimodal dimension in this west valley issue. But I wonder how much sense it makes to foreclose all options just because we can't completely agree right now on which of the three choices should be adopted?

Ms. **Gianturco**. Well, I think the question really boils down to can we afford to spend $150 million—assuming I am accurate in my figure. And it is a very high figure—for preservation of right-of-way for a yet unknown future facility. Because that is money. There is an opportunity cost associated with that. That means that $150 million is not going into some other project that may be ready for construction.

And those are the kinds of choices we have to make all the time, of course, because the demands are limitless and the resources are finite.

And that issue has not been resolved. On the 85 corridor, I believe we're just coming to the conclusion of the environmental impact report process on that. We have circulated a draft report, had hearings on it—which is a Federal requirement. We cannot acquire that right-of-way in any instance until we have gone through the environmental procedures. And we are drawing that to a close and we will hopefully have a decision within the next 3 months.

But, the issue remains, where does the money come from and what is it taken away from? We don't have $150 million or even $50 million floating around free and uncommitted.

Mr. **Mineta**. Well, when you comment on your hope that the Federal Government would make a corresponding commitment to transit at the Federal level, we have to make similar kinds of decisions given the financial restraints that we are under.

We have a commitment to the Army, the Navy, the Air Force—all these other kinds of things. So of course we have to make those judgments as well.

Mr. Stangeland?

Mr. **Stangeland**. Thank you, Mr. Chairman.

Let me say it is a pleasure to again, Ms. Gianturco, hear your testimony. I was on the subcommittee when you testified in Washington, D.C.

I would just like to point out a couple of things. No. 1, I think we had colloquy between the committee and yourself and some of the other witnesses that day when we heard all the suggestions as to how we should spend the excess profits tax.

I think that since you have been in Washington there have been so many more ideas that if we had to come up with it we are probably talking about $460 billion rather than $230 billion.

And we don't know that it is going to be $230 billion. I think—if memory serves me right and the chairman might correct me—the Senate bill is somewhere in the neighborhood of $177 billion, and that is in conference with the House.

But certainly mass transit is deserving of a goodly portion of the excess profits tax or as much as we can find free, just because it does and will save energy.

Before I forget, Mr. Chairman, please don't refer to farm-to-market roads as cookie jars.

Ms. Gianturco, you talk about California's transportation system management program. I am wondering if you have specific goals in mind for that program? What do you hope to achieve?

Ms. GIANTURCO. Well, this is a program that is very nebulous right now—maybe I should start out by saying it's very nebulous.

I went to a conference 3 years ago in Minneapolis, sponsored I think by UMTA, to try and figure out what is transportation systems management. And every speaker had a different definition of what it was. And it is more or less a theme and a way of approaching problems, I think, than a specific set of things that constitute a coherent program.

But in any event, I agree with the thrust as I understand it, which is to make more efficient use out of existing facilities. That could be any one of a number of things.

In California we had put a heavy emphasis on increasing vehicle occupancy in connection with transportation systems management. And that means carpooling, vanpooling, and so on, plus construction-type activities which provide incentives.

And that is high-occupancy vehicle lanes and ramp metering designed in such a way that it favors carpools—bypass lanes.

In addition, we do all the stuff that everybody else does, synchronizing traffic lights to get smoother flow and so on. I would say it was a major component of the way we're operating in our highway program.

Mr. STANGELAND. How much potential is there for expanding the capacity of existing transportation facilities? If my memory serves me right, this morning when we were riding on BART they advised us that they could move three times as many people as they were moving at the present time—they have that capacity or capability.

Mr. MINETA. If the gentleman would yield on that point, I think what the general manager of BART was saying to us is that their infrastructure, their track system, their stations, everything, would give them the capacity to triple—if they had the cars or the manufacturer available to provide them with the cars.

But the system is in place and doesn't require the infrastructure; it does require the cars. And that was the one drawback he was speaking of.

Ms. GIANTURCO. In the highway area I think it is different depending on what particular transportation mode you're looking at as to what would be the strategy of better utilizing capacity.

And it may be in one instance that you have the guideways but you don't have the vehicles, or you have a guideway which couldn't handle large numbers of vehicles.

In the highway area, the two principal ways in which we increase capacity are, one, increasing the occupancy of vehicles, and, two, spread the use of the facility so as to reduce the peaks.

What happens is, our roads are heavily utilized for relatively limited periods of time during the day and the rest of the time they could handle many more people or vehicles than they do now. And that of course is the whole idea behind staggering work hours, flex time—or whatever—to spread the peaks.

So there is a time question and there is a physical question. And the difference depends on what particular circumstance you're looking at, which way to go to try to increase capacity without increasing the size of the facility itself.

Mr. **Stangeland**. In Atlanta, the head of the Georgia DOT said that they had gone to flex time within that department as an example in reducing that peak—so that that highway could handle more cars without the traffic jams.

I am wondering, have you considered those kinds of ideas?

Ms. **Gianturco**. Do you mean for our own department?

Mr. **Stangeland**. Yes.

Ms. **Gianturco**. Yes, we have a policy of flextime.

Mr. **Stangeland**. You do?

Ms. **Gianturco**. Yes. I believe that about 35 percent of our employees are in carpools or vanpools now. We give preferential parking to encourage carpooling and vanpooling. And we have a policy of flex time.

We are the funding source for the program that was mentioned earlier in which we're trying to encourage private employers in the bay area to do the same. This is the David Jones project at the University of California.

So, we have been very actively involved in that overall area.

Mr. **Stangeland**. Has that received favorable consideration by those private employers?

Ms. **Gianturco**. Well, it's an ongoing program. We funded it originally—I think it was supposed to take 6 months. And we got a request for an extension of the grant period. And I believe I granted that extension.

I went to a meeting about 4 or 5 months ago and it was just getting off the ground—where I appeared and Mayor Feinstein and people from a lot of these companies. And people talked about their experiences and so on.

I don't know where it is right now. I know it is ongoing. And we did think it was justifiable to give it another 6 months to really get something together there.

Mr. **Stangeland**. Something else that you touched on is a good deal of concern to me. I alluded to it in my opening remarks when I said that the rural people are concerned about heavily funding mass transit because we have a different transit problem in the rural areas.

We're very strenuously opposed to a gas rationing plan because of its inequities to people who have to travel longer distances and have no mode of mass transit available. You discussed your rural transit assistance program.

What kind of a plan do you have to provide public transportation in rural areas? You didn't have a chance to address it completely in your remarks.

Ms. **Gianturco**. Well, we have in essence a State program for rural transit already in place. As a matter of fact, I think section 18, when that was put in place, was based largely or to some degree on the California experience.

We've had various demonstration projects going in rural areas to fund rural public transit. In addition to that, the principal State program—and there is a dispute between State and local government, I should say, over whether this is a State or a local program—is the TDA, Transportation Development Act program which comes from this 4 percent sales tax. Actually, it is somewhat more complicated than that, but in any event, it is a sales tax on gasoline that provides money for transit and streets and roads in rural areas. In urban areas, it is restricted to transit. In rural areas it can go for either purpose.

There is a set of regulations promulgated by the State which goes along with that program. It sets up a process whereby the county planning agency—which is a structure that was developed particularly to deal with transportation planning issues in rural areas—has to make a finding that there are no unmet transit needs in that particular rural area before they can use those funds on streets and roads.

And they go through a public hearing process. They develop transportation plans and so on. And depending on the outcome of that, there is a demonstrated transit need. Then those funds are legally required to go into transit. If there is no need, then they go into the streets and roads.

So, there is a formal process. I should say that this whole question of the use of these TDA funds for transit in rural areas has become the subject of several lawsuits filed by the California rural legal assistance group challenging the allocation of those funds.

They contend that in too many instances the funds have gone to streets and roads when in fact there were reasonable transit needs and they should have gone to transit.

But I guess my main point would be, we do have a program, it is structured, there are formal processes, and we do make money available for transit and roads in rural areas already in the absence of Federal funding.

Mr. **Stangeland**. I wuld like, as just one last point, to have you comment on a thought that I have and something that was brought to my attention in my own district.

We have a tremendous transportation resource in our rural areas in Minnesota. Every 30 miles or less we have a school district. And that school district has 10 to 25 buses, which are utilized 2-2½ hours in the morning at the very most, and the same in the afternoon.

Some of my school bus people say, "Give us a chance, give us some assistance, and we can provide some rural transportation."

Do you have any comments on that?

Ms. **Ginaturco**. I think I would generally be in favor of that. It is something that we have discussed in California. There are some problems with it, of course.

To take the urban example of school buses, the problem there is the peaking problem, that the need exists for buses when people are commuting in the morning and the afternoon. And that tends to overlap with the school day, unfortunately.

Now, if you could stagger the hours or something, maybe you could work the two together. In addition to that, though, there is another problem which is that if our idea is to use school buses to handle peak travel, which again doesn't get to the situation in rural areas, but in urban areas, then you run across the problem of wanting to employ bus drivers for less than a full day.

And union agreements in many instances call for full 8 hours of pay if the work is only for 4 hours. In California, under this Senate bill 620 legislation that I referred to in my testimony, there is a specific provision that precludes the prohibition of part-time drivers as a point of union bargaining.

It can be prohibited if the management agrees to it. But it can't be a ground rule that you will not use part-time drivers.

In any event, I give those examples to say that I basically think it's a good idea but there are some problems associated with using school buses.

I would think that, with the situation we're moving into now with possibilities of very high prices of gasoline and continued disruptions of supply, that it is something that ought to be worked on and there ought to be some way to resolve the kinds of problems that have in the past precluded any substantial use of school buses for other than transporting kids to school.

Mr. **Mineta**. Would the gentleman yield on that point?

Mr. **Stangeland**. Certainly, I yield.

Mr. **Mineta**. Has any study been made on a 4-day workweek, a 10-hour day, rather than the 5-day, 8 hours?

Ms. **Gianturco**. Well, I know that there was a big movement a few years ago. Several books were written on it, and so on. We've discussed it in California as an energy conservation measure. We've talked about having State government go on a 4-day shift.

People don't think State government is working when they are working 5 days a week. So, taking it down to four might cause a problem. Of course, you could stagger the days.

One of the things that is said in opposition to that is that if you had 3-day weekends for people, regardless of whether the weekend was Friday through Sunday or Monday through Wednesday or whatever it was, it would encourage more recreational travel.

So, if you cut down on the work trips, you might have this unintended side effect. I think it is, again, something that we shouldn't rely on but that may have some real potential.

Mr. **Mineta**. Thank you.

Mr. **Stangeland**. I am sure that the labor laws are different from State to State, but I was talking about in our area is part-time schoolbus drivers.

Ms. **Gianturco**. Right.

Mr. **Stangeland**. Some of them would like to have a full-time job. The schoolbus operator would like to use that bus.

It wouldn't be a transportation system where you would be transporting people to work at peak time when you are also transporting people to school, but rather saving energy by letting people go to another town to shop, or whatever. I am talking about small towns, 100 to 1,000 people, where they don't have the shopping centers. They'd like to go to another larger town.

There're a lot of people driving one and two in a car that could double up.

Ms. **Gianturco**. Off the top of my head, I think it is a great idea. We're always discussing things like this. But when we get into them we discover these unbelievable nitty-gritty problems.

So, that's why I am hesitant to come out with an all-out endorsement.

Mr. **Stangeland**. Thank you.

Ms. **Gianturco**. Whether it is a question of accessibility for the handicapped on those kinds of buses, the fact is they are constructed for children—small seats and so on—I think still there is a possibility, good possibilities there.

Mr. **Stangeland**. They are not the best but they are better than nothing. Thank you.

Ms. **Gianturco**. Mr. Krouse?

Mr. **Krouse**. One question, Ms. Gianturco. We have talked about 2 hours this afternoon—2½ hours—about transit, prospects for transit over the next few years. And I think you in particular have taken a long-range perspective in your testimony.

Yet no one has used the phrase "auto disincentives." Do you feel that any of the things that the State of California is into constitute auto disincentives? Or how would you characterize that whole array of strategies?

Ms. **Gianturco**. Let me say that I think we in Caltrans have probably had more practical experience than any other agency in the entire United States. And that was our famous Diamond Lane project in Los Angeles in which a lane was taken away from traffic use and devoted exclusively to carpools and bus use.

And that project—on a political level anyway—was a total and complete disaster. Technically, it worked very well. We tripled the carpool and bus ridership in the corridor. At the end we had more people traveling in fewer vehicles. There was less air pollution as measured—and, of course, this is something that is hard to measure for just one facility because air pollution is all over the place.

But the measurements we were able to take showed a reduction. In every technical sense and on sheer transportation grounds, it was a success. It was totally unacceptable to the traveling public.

And my own personal opinion is that if you can ever do incentives as opposed to disincentives, it is a better way to go. On the other hand, I would say that the market itself in my view is going to provide the disincentives—and that's the price of gasoline itself. And that is probably the best thing we have going to try to increase transit use.

It is happening regardless of what we in government do. I went around and talked about how we had to carpool and how we need to use more transit, all of these things, for 4 years. And it sounded as though it was falling on deaf ears.

What happened is this: We had gas lines and gas prices going up. It's happening.

Mr. **Mineta**. Mr. Harrant? Do you have any questions?

Mr. **Harrant**. No. Thank you, Mr. Chairman.

Mr. **Mineta**. Well, again, I am very grateful to you for the time that you have taken not to only be here, but the obvious time that has been devoted to the preparation of this testimony.

It seems to me that wherever this country is going, California is going to get there first, good or bad.

And so I think from that perspective your help not only in this testimony but before the Subcommittee on Surface Transportation has been helpful.

And I know that we will be able to count on you in the future for help as well. And thank you very much.

Ms. **Gianturco**. Thank you.

Mr. MINETA. At this time I would like to call the chairman of the board of Santa Clara County Transit District, Dominic Cortese, as well as former chairman Rod Diridon and Mr. Jim Graebner to come forth.

Chairman Cortese?

TESTIMONY OF DOMINIC L. CORTESE, CHAIRMAN, AND ROD J. DIRIDON, FORMER CHAIRMAN, SANTA CLARA COUNTY TRANSIT DISTRICT, ACCOMPANIED BY JAMES GRAEBNER, TRANSPORTATION DIRECTOR

Mr. CORTESE. Congressman Mineta, Congressman Stangeland, I have the privilege of welcoming you here this morning. I admire your willingness to make the onsite visit that you made this morning out at our Agnews facility.

This hearing provides us the opportunity to start anew to assess the past, to envision what we in Santa Clara County can achieve in the future.

To many people this is one of the most difficult times for transit. But for those of us who were here during the early seventies, the mere creation of the district was our No. 1 goal. And our only tools were the election process, the State legislature, and the acquisition of three obsolete transit lines.

With that perspective, beginning the new decade is encouraging and promises to be much more rewarding. The eighties should be the golden years for transit in Santa Clara County. Financing prospects are strong. Morale among the employees is growing. And public interest is increasing.

In 1976, we had 216 buses. We now have an operating fleet of 368, with 45 routes. Over 100 buses are equipped with wheelchair lifts for the handicapped. Seniors and young people can ride for reduced fares.

Santa Clara County is one of the 25 largest transit districts in the country with over 70,000 daily riders.

Inasmuch as the transit district has had a difficult, if not turbulent, emergence, we can be proud of its success. We know the Guadalupe corridor study is on schedule. We have a signal preemption program in full operation with the ability to blanket the county with express routes on five major expressways.

We have the assurance that a marketing director will be appointed in January. We will have improvements in personalized transit. We can reaffirm our interest in purchasing used coaches to complement the system. And we are asking our staff to report the availability of high quality used transit if and when they come on the market.

We can reaffirm our commitment to continue to strengthen the role of our transportation commission. The jobs/housing imbalance is close to being the county's No. 1 problem.

And because of its direct relationship to transit, it becomes the district's No. 1 challenge. This is a good time for every level of government and industry to come to grips with that challenge.

Industry must be directly involved. We can work together to encourage industry, to subsidize fares with a payroll deduction coupon, to create free-ride zones and provide for unlimited rides on weekends for a flat fare, to encourage flat fares to be subsidized by cities and merchants or private industry, to work toward a comprehensive plan of staggered work hours in government, industry, and schools.

Public demand for improved transit has made Santa Clara County Transit District the fastest growing major bus system in the country. Yet to properly and effectively meet this demand, we intend to maintain 99 percent of our reliability of services which we have now achieved.

Maintaining reliability will be our No. 1 priority. And I am confident that the men and women in the district will do so.

The thought of another summer of gas lines and virtual assurances of increasing gas prices means that we must provide more bus service, in particular to serve commuters.

During 1979, Santa Clara County—in concert with San Mateo, San Francisco, Caltrans, and literally hundreds of interested and involved citizens—forestalled the threatened abandonment of the Southern Pacific commuter service.

It is apparent that in the next 90 days, through the efforts of our staff and our board, our board should have before it a contract agreement which, through Caltrans, will not only insure the continuation of this vital service, but provide an action program to begin an immediate upgrading and expansion.

Transit has made great strides in Santa Clara County in the past few years. The coming year will be one of change and growth. Working together our board, management, and the union hope to meet the challenge of growth and maintain the high standard of reliability that we have set.

Our goal will be nothing less than transit as a communitywide benefit. We will stop at nothing short of total community participation.

Mr. Chairman, I have with me, as you pointed out, Mr. Rod Diridon, who is immediate past chairman of Santa Clara County Transit District, and is currently chairman of the Santa Clara County Guadalupe corridor evaluation study.

Mr. Diridon will make some brief statements. Then Mr. Graebner, our transit district director, will summarize and answer questions.

Mr. **Mineta**. Thank you very much. Go ahead and proceed in your own fashion, thank you.

Mr. **Diridon**. Gentlemen, Dominic has covered the perspective from the operating point of view. And I will focus my comments on the planning perspective, both locally and as chairman of the National Association of Counties Public Transportation Commission.

The policy statements that I will be making toward the end are policy statements approved by the National Association of Counties. They are National County policy.

Santa Clara County, by the way, is the best example of the reason for the policy statements.

Permit me to start with a brief history of the studies and delay that Santa Clara County has been involved in during our endeavor to obtain Federal funding for a mass transit system.

The enormous direct expense and the time lost and resulting massive inflationary expenses during execution of this series of studies indicates that changes are necessary in the urban mass transportation administration's procedures.

Serious planning for guideway transit first began in Santa Clara County in 1973 with phase 1 of the rapid transit development project.

The study was conducted by a consultant team led by DeLeuw, Cather & Co. and cost $300,000. Recommendations included a high performance, medium capacity rapid transit network covering the urban area of the county and supported by an extensive local bus collection/distribution system.

After considerable public discussion, the project recommendations were accepted and the county contracted with DeLeuw, Cather & Co. in 1975 to investigate the feasibility of constructing light rail transit and/or other bus alternatives in several high demand corridors.

This was known as the light rail feasibility and alternatives analysis study and cost $200,000. The final report was presented in August 1976 recommending a light rail starter line in the Guadalupe-Monterey highway corridor with a bus collection/distribution system—consistent with the rapid transit development project, phase 1, conclusions.

The Urban Mass Transit Administration was not satisfied with the scope of the light rail feasibility and alternatives analysis study and indicated that the next step for implementing fixed guideway improvements required yet another study.

They initiated the first phase of the Santa Clara County joint corridor evaluation, costing $1.5 million. The joint corridor study began in May 1976 and considered 10 transportation alternatives and 3 land use scenarios for the county for the year 1990.

The next phase concluded in February 1977 and narrowed the number of alternatives to three transportation and two land use plans.

Also in 1976, the Metropolitan Transportation Commission—working on a parallel study pattern—initiated the peninsula transit alternatives project—PENTAP—to examine the alternatives in the southern Pacific corridor from San Francisco to San Jose.

This study is important and I mentioned it here because it became a part of the joint corridor study.

In 1977, the PENTAP final report, costing almost $1 million, recommended upgrading and modernization of Southern Pacific train service with Southern Pacific continuing to operate the service under a "contract for service" agreement.

Negotiations to implement these recommendations are currently underway between the three transit districts and Southern Pacific with Caltrans as the negotiating agency.

The draft report for phase 4, the joint corridor study, was published in November 1978 and recommended upgrading of Southern Pacific—per the PENTAP conclusions—and further investigation of light rail as well as additional bus and highway improvements.

The corridor identified as having the greatest ridership potential was again the Guadalupe-Edenvale corridor, the same one selected in 1976 light rail feasibility and alternatives analysis study.

After thousands of hours of public hearings, and I mean nearly 10,000 hours of public hearings in this latter study—and you can imagine the height of the public's enthusiasm during that process—all but two of the smaller cities of the county endorsed the Santa Clara County joint corridor study conclusions.

It was also endorsed by the County Transportation Commission, the board of supervisors, the Metropolitan Transportation Commission, and the Association of Bay Area Government—the first time these various agencies have ever agreed on anything.

This is our master plan for highway and transit improvements for the year 1990, a copy of which I submit to the subcommittee. It is just recently off the press and that is our "do" list for 1990. [The document is retained in the subcommittee files.]

The implementability of the transit portion is dependent on federal UMTA section III funds and the Federal approvals relating thereto.

The next step in pursuit of these funds is the study currently being conducted, the Guadalupe corridor study. After we have completed all the studies to date, we have now another study. Its estimated cost is $800,000 and will have taken approximately 2 more years.

So, after 7 years and $3.8 million in study costs, we are still at least 2 years away from preliminary engineering for a fixed guideway program. Yet each of the studies have confirmed the mode—light rail—and the corridor—Guadalupe corridor—for the starter element.

Therefore, we are joining with the National Association of Counties in requesting that UMTA procedures—a typical sequence is presented in my March 19, 1979 memo which is attached, by the way, gentlemen—be reduced from five to seven studies to only two studies.

The first of the two studies would be a systems level land use and transportation alternatives analysis, which would identify the land use patterns desired and select the modes of transportation that best meet the ridership projections and land use objectives. Additionally, the potential corridors would be ranked in priority during the first study.

The second study would be a corridor specific alternative confirmation, environmental impact study and preliminary engineering analysis, all combined into one study, which would use the same data base rather than conjuring three different data bases, and use the same hearing procedures instead of having three different procedures.

The purpose would be to confirm the mode propriety in the selected top priority corridor, develop the environmental impact statement and develop projected costs and construction grant documents by completing the preliminary engineering documentation.

UMTA would make a preliminary decision to fund the system after the first study. A final decision and future date to cover the final engineering and construction costs would be approved after the second study.

The result would be less time and cost in the study process, more credibility with the public because promises would be fulfilled during a more reasonable time frame, and most importantly, more transit sooner.

Specifically, here in Santa Clara County I am requesting that we be permitted to use this "fast track" approach to accomplish the necessary planning, engineering and environmental impact work on the Guadelupe corridor study, rather than having the Guadalupe corridor study, and then an environmental impact study, and then preliminary engineering.

By permitting us to undertake, without prejudice to future capital grant requests, concurrent preparation of the corridor specific alternatives analysis, the preliminary engineering, and the environmental impact statement work, we would cut approximately 1 to 1½ years and $1 million off the current UMTA process.

This fast track approach has long been accepted by the Federal Highway Administration. We are faced with serious fuel shortages and a promise of even more severe shortfalls in the future.

The Federal Government should consider revising procedures that have outlived their usefulness and allow and assist local governments to proceed with viable alternatives.

I would be glad to answer any questions you might have. And I think that Jim may have a statement also.

[The following documents were submitted for the record by Mr. Diridon:]

SANTA CLARA VALLEY Corridor Evaluation · summary

Adopted by the Joint Policy Committee of the Association of Bay Area Governments & the Metropolitan Transportation Commission

ABAG

March 1979

MEMBERS OF THE JOINT POLICY COMMITTEE OF ABAG AND MTC DURING THE SANTA CLARA VALLEY CORRIDOR EVALUATION

Louise Giersch, Chairman	ABAG Representative to MTC
Jane Baker, Deputy Mayor, City of San Mateo	ABAG Representative
Don Dillon, Councilmember, City of Fremont	ABAG Representative
A.W. Gatov, Marin County	MTC Representative
James E. Jackson, Councilmember, City of Cupertino	ABAG Representative
James Moriarty, Supervisor, Contra Costa County	MTC Representative
Valerie Raymond, Supervisor, Alameda County	ABAG Representative
Robert I Schroder, Supervisor, Contra Costa County	MTC Representative
James E. Self, Vice Mayor, City of San Jose	MTC Representative
Rod Diridon, Supervisor, Santa Clara County	Ex Officio Member

(The aerial photos on the report cover show the change that has taken place in Cupertino between 1959 and 1978.)

ABAG ASSOCIATION OF BAY AREA GOVERNMENTS

Metropolitan Transportation Commission

JOINT PLANNING PROGRAM

April 23, 1979

To: Elected Officials, Citizens, and Staff Santa Clara County

From: Louise Giersch, Chairman, Joint Policy Committee of ABAG and MTC;
Rod Diridon, President, Association of Bay Area Governments;
James E. Self, Chairman, Metropolitan Transportation Commission

Subject: Santa Clara Valley Corridor Evaluation Recommendations Adopted by the Joint Policy Committee, March 21, 1979

On March 21, the Joint Policy Committe of ABAG and MTC unanimously endorsed a set of land use and transportation recommendations for adoption by the Association of Bay Area Governments and the Metropolitan Transportation Commission. The Joint Policy Committee's vote came after nearly three years of technical analysis and review of the findings and conclusions by local elected officials, citizens and staff. The recommendations approved by the Joint Policy Committee are described in the Summary Report.

The land use and transportation recommendations satisfy two key objectives. First, the strong influence that land use and transportation decisions have on each other has been recognized through a complementary set of recommendations. Second, the set of transportation facilities, recommended for development over the next ten to fifteen years, has been established on the basis of a reasonable expectation of revenues.

The next steps leading to implementation of these recommendations will include their adoption by ABAG and MTC and the preparation of updated local Transportation Improvement Programs and General Plans. The ABAG Regional Planning Committee voted to endorse the Joint Policy Committee's recommendations on April 11. The ABAG Executive Board is scheduled to vote on the recommendations in May.

Implementation of the recommendations by MTC has already begun. Route 152 was nominated for discretionary funding as a high priority project. Further, staff from MTC, Santa Clara County, and the City of San Jose will soon complete a scope of work for the Edenvale/Guadalupe alternatives analysis. MTC will begin its plan revision process by distributing the proposed amendments to the Regional Transportation Plan is mid-July. Public hearings will be held on the proposed revisions during August. The Work Program Committee will then vote in early September on revisions they will recommend for adoption by the full MTC Commission. That vote will occur in late October.

It is anticipated that local jurisdictions will also be working concurrently to adopt specific programs and policies supporting the land development and transportation recommendations. Some of these decisions will be made in the course of revising the County's General Plan, which is scheduled to be completed by the end of this year. Other decisions will be made as a result of approving major new developments or modifying elements of local General Plans. Finally the selection of an appropriate transportation mode in the Edenvale/Guadalupe Corridor will be accomplished by the project level alternatives analysis that will begin this summer.

The attached set of land use and transportation recommendations emerged during a thorough public participation effort and resulted in their being endorsed by nearly all the local officials and citizens. Over two hundred public meetings and workshops were held during the course of the study to solicit comments. Invaluable assistance and cooperation were received from local officials, citizens and staff. On behalf of the Joint Policy Committee, we would like to extend our appreciation to these persons.

SUMMARY REPORT

INTRODUCTION

This report has been prepared to assist local officials and citizens of Santa Clara County to determine the County's future course in transportation and land development. The report is also intended to ensure that in the process of making these important decisions, regional, county and local goals and policies remain consistent with each other. The recommendations were reviewed extensively by local officials, citizens and local staff. The ABAG/MTC Joint Policy Committee approved the recommendations as did the Santa Clara County Board of Supervisors and almost all of the fifteen cities.

In the simplest terms, there are two major decisions to be made:

Development patterns: Where will future jobs and homes be located in the County?

Transportation projects: How much and what kind of transportation service can or should be provided?

The selection of the recommended land use and transportation measures followed an analysis of existing conditions, present trends and possible alternatives. Several important findings resulted from this analysis. First, trends to date and the general plans of Santa Clara's 15 cities, when taken together, concentrate new job growth in the northern part of the County. Residential policies, by contrast, concentrate growth in the central and southern sections. Therefore, commute trips from home to work are lengthening because new jobs are not close to new housing. As a result, traffic congestion is increasing, air pollution is getting worse, and there is a great need for new transportation facilities.

Another problem is the severe imbalance between the number of new jobs and the number of new homes being built in the County. New jobs are being added in the county at a rate far exceeding the housing supply. This, in turn, will swell the number of people who work in the County but live outside it. Increased in-commuting will place a heavy demand on existing and proposed regional transportation facilities. Housing prices are also expected to continue rising. The result of this imbalance may be constrained economic growth in Santa Clara County, particularly if cities in adjoining counties limit their housing supply or housing becomes too expensive for most new workers.

Still another issue raised in the analysis was what kind of future transportation facilities should be built in the next fifteen years. Should the County continue to depend primarily on the highway system, particularly when the nation is faced with limited oil supplies, reduced government budgets and declining air quality? If transit were emphasized, where will rail or bus perform best? Finally, and possibly the biggest question of all, how can the citizens of Santa Clara County make the most prudent decision in allocating scarce financial resources? This question took on even higher importance in view of Proposition 13.

In the past 25 years, the nation has spent large sums for transportation. The interstate highway system is the most notable development. But today's problem of inflation combined with limited budgets is making less money available for transportation facilities. Scarce funds have brought fierce competition among communities and have increased political pressure as a practical means of securing transportation projects that need Federal or State approval and money. Lack of money also has brought more Federal requirements to plan for transportation and to do such planning in relation to anticipated population growth and land use development. The key to transit planning, especially new rail lines, is to show how existing or expected land uses will ensure public transit riders. As noted earlier, the intent of the Santa Clara Valley Corridor Evaluation was to define a rational transportation program for the County and to gather local and regional support for the program. A sound plan that has both county and city government support will no doubt be a persuasive tool in competing for Federal transportation money. An agreed-upon plan will not guarantee Federal funds, but financial support from the Federal Urban Mass Transportation Administration (UMTA) is not likely without such a plan.

The Santa Clara Valley Corridor Evaluation, consequently, considered many different ways the County could grow. After lengthy discussion by policy makers and the public, the following two basic concepts for development by 1990 were accepted for future analysis:

> Alternative I - Policy Trends: County development would occur in accord with recent trends, meaning most new jobs would go into North County cities, and most new homes would be built at low density in southeast San Jose.
>
> Alternative II - Reduce Commute: The location of new jobs and houses would be changed from current trends so that more housing would be built in the North County, and more jobs would be created near San Jose's residential areas.
>
> These two development patterns were based on the following set of countywide population, housing and job projections for 1990:

Population	1.44 million
Housing Units	570,000
Jobs	715,000

The impacts of a faster rate of employment growth, such as those resulting from an additional 100,000 jobs, were also examined.

The following three transportation alternatives were also analyzed:

> Bus Emphasis This option consisted of a transportation system based primarily on bus service improvements and reduced auto reliance.
>
> Rail Emphasis This option consisted of reducing auto reliance by building new rail facilities, and improving bus service.
>
> Highway Emphasis This option tested continuing heavy reliance on the automobile.

All of the land development and transportation alternatives were evaluated for their effects on the environment, the economy, the use of energy and other factors.

KEY FINDINGS

Use of the Land

- All the land designated by existing local plans for residential development will be used by 1990. Growth beyond 570,000 housing units cannot occur in the County unless local plans are amended to permit higher density development or unless lands now withheld from development in South County are urbanized.
- Higher density housing in the northern part of the county could result in having an additional 30,000 acres of land in San Jose and Milpitas available for housing compared to current trends.
- Job growth will be limited to slightly in excess of 700,000 jobs because housing will not be available for added workers unless one or a combination of the following courses of action is adopted:
    1. Counties and cities surrounding Santa Clara County agree to increase their plans for housing growth, and the capacities for transportation links are greatly increased to bring in workers from outside the County.
    2. Plans for South County are amended to permit urban use of agricultural lands.

3. Local plans are amended to provide more housing in North County cities.

- Under current trends 84% of the remaining undeveloped industrial land will be in Central and South County.
- By 1990, agricultural acreage will be reduced by 35% to 50% from 1975 levels.

Water Supply and Wastewater Facilities

- There are relatively minor differences in the development alternatives regarding the total demand for water supply. The increased use of water for residential landscaping would be offset by the drop in agricultural use.
- The size of wastewater plant capacity is nearly the same for both development alternatives, but the cost of serving the added acres of development under the Policy Trends Alternative would be higher than under the Reduce Commute Alternative.

Energy Use

- The residential, commercial and industrial development of the Reduce Commute Alternative would use slightly less energy by 1990 than the Policy Trends development pattern.

Municipal and School Finance

- The Policy Trends Alternative is more likely to provide greater municipal revenues than the Reduce Commute Alternative.
- Countywide costs of education will not be significantly different under either 1990 land-use alternative.

Transportation

- Continuing the current trends of development of locating most jobs in the north and providing low density housing in the south will further increase dependence on the automobile and place a greater demand on the existing highway system.
- Transit can help travel conditions but, in general, highway travel times will worsen somewhat by 1990.
- Total daily transit ridership in 1990 could be two to four times greater than today's level.
- Transit could carry up to 12% of the work trips during peak travel periods.

- o Transit patronage is greatest where jobs are concentrated, such as in downtown San Jose.
- o None of the transit options recover more than 31% from the farebox.
- o The highest rail patronage, approximately 6000 passengers per hour in the peak direction, was projected for the Peninsula line between San Jose and San Francisco. The next two lines, Fremont and Edenvale, were projected to reach lower patronage figures -- approximately 3000 persons per hour in the peak direction.

Transportation Use of Energy and Air Quality Impacts

- o The lowest levels of operating energy consumption and air pollutant emission levels were recorded for alternatives that reduce auto vehicle miles traveled through shifts in land use and/or increased transit ridership.
- o Carbon monoxide is the most serious transportation related pollutant in Santa Clara County.

Transportation Finances

- o Funds for expanding the highway system are limited under current programs. There is not enough money to build the major projects shown in local plans. Highway resources in existing programs are sufficient to complete currently committed projects such as the South Valley Freeway; the interchange of Routes 101/280/680; and Route 87 from 280 to downtown San Jose. Given current levels of funding, highway revenues in the future will be dedicated almost exclusively to rehabilitation, operational improvements and maintenance.
- o Transit funds are also limited. Assuming current programs will be continued, some expansion of the transit system is possible beyond the County's 516 bus program and the upgrade of Southern Pacific commuter service.

Adding 100,000 More Jobs

- o An additional 100,000 jobs would use up nearly all the remaining commercial and industrial lands shown in local plans.
- o Existing and currently planned water supply could meet the additional demand; however, sewage facilities would most likely need to be expanded.
- o While the jobs/housing balance would be improved in the central/southern parts of the county, the total number of jobs would require one third of the work force to commute

into the county, placing a heavy demand on facilities linking Santa Clara County to adjacent counties.

- If South County were developed to provide housing for the additional workers, travel demand would greatly exceed currently planned facilities.

RECOMMENDATIONS

Basis For Recommendations

The Santa Clara Valley Corridor Evaluation was conducted to define land development and transportation decisions that would be mutually supportive. The following series of recommendations are based on such a unified approach.

- The plan must be based on a realistic assessment of resources.

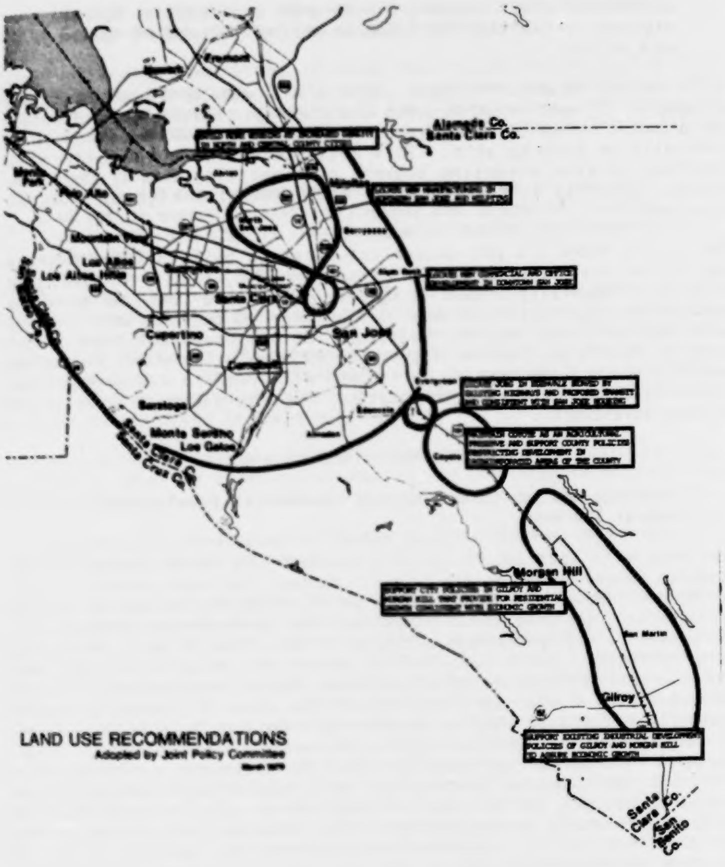
Existing local plans contain transportation projects that cannot be built by 1990 within existing or even modestly expanded resources. Budget constraints, therefore, must be recognized in developing a realistic plan with implementable projects. Many of the proposed projects in the recommended plan will be competing with other projects outside Santa Clara County and the Bay region for federal and state support. Therefore, to achieve even the level of funding anticipated in this report requires a strong consensus on priorities.

- A better balance between jobs and housing will make the most efficient use of existing facilities and will have the least negative impact on the environment.

The rapid growth of Santa Clara County is continuing into the present. Employment growth appears to be occurring even faster than predicted only two or three years ago, and some persons believe that the projections used as a basis for this report will be exceeded before 1990. However, impediments such as the availability and cost of housing may slow this rate of growth. Development is expected to continue at low densities, with very little focus. Most land currently zoned for residential development will be committed by 1990.

An increase in residential densities would increase the ability of local governments to accommodate residential growth before and after 1990. Continued growth of jobs is dependent on access to the labor force. In turn, the location of jobs and housing strongly affect congestion levels, trip lengths and the effectiveness of transit. Employment growth should be encouraged where it will make the most effective use of existing and proposed transportation facilities.

- The most effective strategy for improving mobility is to give careful consideration to the location of jobs, to develop an


Fremont
Newark
Alameda Co.
Santa Clara Co.
Menlo Park
Palo Alto
Mountain View
Los Altos
Los Altos Hills
Sunnyvale
Santa Clara
Cupertino
San Jose
Campbell
Saratoga
Monte Sereno
Los Gatos
Santa Clara Co.
Santa Cruz Co.
Milpitas
Berryessa
Evergreen
Coyote
Morgan Hill
San Martin
Gilroy
FOCUS NEW COMMERCIAL AND OFFICE DEVELOPMENT IN DOWNTOWN SAN JOSE
MAINTAIN COYOTE AS AN AGRICULTURAL PRESERVE AND SUPPORT COUNTY POLICIES RESTRICTING DEVELOPMENT IN UNINCORPORATED AREAS OF THE COUNTY
SUPPORT CITY POLICIES IN GILROY AND MORGAN HILL THAT PROVIDE FOR RESIDENTIAL GROWTH CONSISTENT WITH ECONOMIC GROWTH
SUPPORT EXISTING INDUSTRIAL DEVELOPMENT POLICIES OF GILROY AND MORGAN HILL TO ASSURE ECONOMIC GROWTH
Santa Clara Co.
San Benito Co.

LAND USE RECOMMENDATIONS
Adopted by Joint Policy Committee
March 1979

adequate transit system, and to make investments in the highway system that are aimed at making the existing system work better.

Existing and future development patterns will mean continued use of the automobile for most trips in Santa Clara County. Unless some unforeseen and dramatic change in energy resources occurs, over 90% of all trips in 1990 will be made by auto. This reliance on the automobile will continue to create varying degrees of congestion even if there were enough resources to construct the most extensive highway network examined.

The fact is there are not enough resources to build all the highway facilities desired in Santa Clara County by 1990, even if it were found to be environmentally prudent to do so. At the same time, the analysis showed that coordination between jobs and housing can make better use of existing facilities, and the implementation of convenient transit can serve a significant portion of peak period trips. Therefore, to improve mobility and provide capacity for growth will require a strategy that coordinates decisions on job location, the development of transit, and highway investments.

RECOMMENDATIONS FOR DEVELOPMENT

o **Encourage new job formation and commercial development in central San Jose.**

San Jose will soon become the most populous city in the region. While downtown redevelopment is now in early stages, increased commercial and office development appears certain - particularly in the area bounded by Civic Center, San Jose State University, and the Guadalupe Parkway. At the present time, development patterns in the cities in north county are largely fixed. While some densification of commercial uses and industrial facilities is anticipated, major redevelopment is not contemplated. At the same time, central San Jose is undergoing major changes. As San Jose plays an increasingly dominant role in the region, it can be expected to take on the character of other major urban centers. Corporate headquarters, banking, insurance, and real estate activities are expected to grow and will require centralized office space accessible to the rest of the County. The workers in these offices will create an expanded market for shopping, entertainment and cultural facilities. San Jose can best serve this function, given its location and historical role as the government center of the County. This growth is not expected to detract but rather to complement existing industrial development and the research and development facilities in North County.

San Jose's central location also makes the most efficient use of transit. Existing commuter rail service and improvements proposed for transit work best where there is a focus of activity, carrying people from several different residential areas into a core work place. Encouraging jobs in downtown San Jose will help reduce the need for auto commuting, and thereby also reduce air pollution and conserve energy.

- **Encourage manufacturing jobs which depend on highway access to locate in the northern San Jose/Milpitas area.**

Relatively minor expansions to existing transportation system can accommodate new job growth in this area. Truck and rail connections for factories are reasonably accessible at the present time. Job growth in this area would also be located closer to more of the region's labor force.

- **Encourage job development in the Edenvale area of San Jose that can be served by existing highway and proposed transit improvements and that is consistent with housing development in San Jose.**

People commuting to jobs in Edenvale will be able to make use of existing "reverse" direction highway capacity as well as the proposed transit improvements. Additionally, the San Jose General Plan proposes adding 40-50,000 homes within approximately five miles of the Edenvale industrial sites. This new housing will be located in the Edenvale, Almaden and Evergreen neighborhoods and should reduce home-to-work trip distances by residents in these neighborhood.

In recommending the Edenvale job center, it is important that San Jose continue to provide substantial housing in this area to help relieve housing pressure in Morgan Hill and Gilroy.

- **Encourage the development of higher density housing in North and Central County Cities.**

Housing is in great demand in North County cities because of the number of jobs already existing in the area. While there are limited opportunities to do this, more residential development of the type compatible with existing development patterns will mean less commuting and related improvements in air quality and energy consumption. In many areas, only relatively small parcels at high cost remain. Such parcels are better suited to higher density development than low density patterns. As these parcels exist within developed areas, costs of public services are also relatively lower than for new, low density projects. Other North County cities like Cupertino, Saratoga and Los Altos Hills still have substantial land planned for residential development and should be encouraged to permit modest increases in the density of housing developments. As an example, if housing density in Saratoga were amended from the present 1 1/2 houses per acre to 2 houses per acre; it would allow for an additional 1,600 new homes while maintaining the rural atmosphere of 1/2 acre lots.

Central County cities already contain large parcels of land available for a variety of housing developments. New residential growth in Central County should be encouraged to match the rate of industrial development. Higher density housing should be developed, where appropriate, in conjuction with the transit recommendations.

- **Support existing industrial development policies of Gilroy and Morgan Hill, to assure continued economic growth.**

Both cities desire and need a supportive economic base. Such new commercial and/or industrial development should provide opportunities for people to live and work in the same city. In addition, jobs related to agricultural production, as well as new industrial and commercial jobs, should be created at a pace that meets the needs of current and new Morgan Hill and Gilroy residents.

- **Support city policies in Gilroy and Morgan Hill that provide for residential growth consistent with economic growth.**

Job growth, both in the northern section of the county as well as within Morgan Hill and Gilroy, should not be so expansive as to create pressure for additional housing that cannot be accommodated without straining existing services. The two south county cities are studying, and in some cases have adopted, policies which encourage a moderate rate of residential development consistent with existing industrial growth.

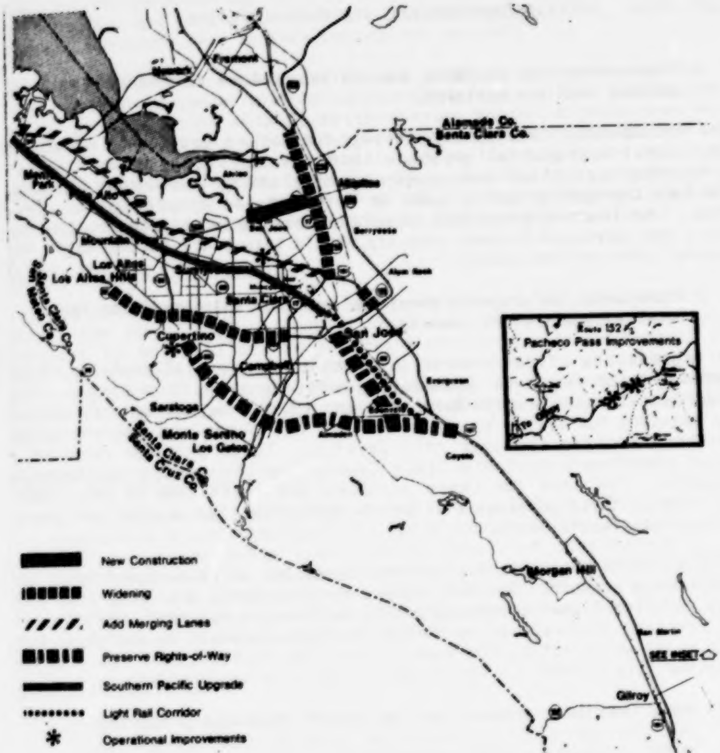
- **Support the maintenance of Coyote as an agricultural preserve and the strengthening of county policies restricting development in unincorporated areas of the county.**

Development options for Coyote and the rest of unincorporated South county should be preserved beyond 1990, and planning for long-range development of this area should be deferred until more is known about the need to convert this productive agricultural land into urban uses.

- **Support the construction of new housing at a rate commensurate with new job development in the County. Such construction should be consistent with the above policies.**

From a regional prospective, the countywide imbalance between the large number of jobs and limited new housing continues. Experience in 1978 suggests that the trend is worsening rather than improving. According to County estimates, almost 40,000 new jobs were added in 1978 while roughly 13,000 new housing units were constructed. The need for more housing, especially in areas near job growth, is increasingly apparent. Insufficient residential construction results in higher housing costs, low vacancy rates, and a reliance on areas outide the county to house Santa Clara workers.

The present number of jobs in North county is growing rapidly, putting pressure on Central and South County communities to provide housing. Policies by all cities and the county should be aimed at preventing urban growth from leapfrogging into South county and even further south.


Newark
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Santa Clara Co.
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Palo Alto
Alviso
Milpitas
Berryessa
Mountain View
Los Altos
Los Altos Hills
Sunnyvale
Santa Clara
Alum Rock
San Jose
Santa Clara Co.
San Mateo Co.
Cupertino
Campbell
Evergreen
Saratoga
Almaden
Coyote
Monte Sereno
Los Gatos
Santa Clara Co.
Santa Cruz Co.
Route 152
Pacheco Pass Improvements
Morgan Hill
San Martin
SEE INSET
Gilroy
Santa Clara Co.
San Benito Co.
New Construction
Widening
Add Merging Lanes
Preserve Rights-of-Way
Southern Pacific Upgrade
Light Rail Corridor
Operational Improvements

TRANSPORTATION RECOMMENDATIONS
Adopted by Joint Policy Committee
March 1979

RECOMMENDATIONS FOR TRANSPORTATION

- **Transportation projects should be used to reinforce the desired land use patterns.**

The recommended development strategy for Santa Clara County emphasizes additional residential growth within the existing urban limits, concentrating office and commercial development in downtown San Jose, and locating manufacturing jobs in Northern San Jose/Milpitas area. Thus, the transit proposals should emphasize access to downtown San Jose, and increased highway capacity should take place in the north and central parts of the County.

- **Transportation projects should be selected which maximize the total system's effectiveness.**

To improve the effectiveness of transit the initial emphasis should continue to be placed on implementing existing transit programs. Two important transit programs are underway. These include an expansion of the existing bus system to approximately 500 buses and upgrading the Southern Pacific commuter rail service. These programs represent a major commitment by Santa Clara County and the region to improve transit. The need for these programs was reaffirmed by this study. Building on these programs will be the most effective way for the County to meet its future needs.

With regard to highways, Santa Clara County has an extensive freeway and expressway network. The most effective investments are those that will make existing highways work more efficiently. In contrast, investments in building portions of entirely new highways would be unwise in that such roads would not be finished within the next decade. During the meantime, the current traffic problems could go uncorrected.

- **Where possible, options for the future should be preserved.**

This study addressed a fairly short period of time -- until 1990. Where possible, the County needs to preserve options where growth past 2000 might create additional travel demands. This is particularly true for the Route 85 and Route 87 corridors where the public already owns a large portion of the rights-of-way required for a transportation facility.

- **Strategies need to be defined which will support the County in its request for State and Federal discretionary funds.**

The most important strategy, often stated in this report, is to achieve a consensus on the projects to be pursued. The County will need this consensus to compete for both transit and highway funding.

Highway resources are limited and, based on current estimates, very few additional projects are possible. The highway resources for new construction are becoming increasingly limited because the costs of maintenance and construction are rising with inflation, while the revenues which are tied to fuel consumption are not.

The specific project recommendations are based on the assumption that a local/regional consensus will be successful in sustaining a program that would continue to be able to match current Federal highway programs. This level of funding would be equivalent to a two cents per gallon increase in State or local revenues. Such an increase of two cents per gallon is supported by MTC policy. Many conditions may cause this estimate to change - either up or down - due to changes in cost estimates, inflation rate, matching ratios and fuel consumption.

Recommendations for Highways

The following highway projects are recommended for implementation through the use of highway funding programs. The projects have been arranged by priority within a given fund source. An estimate of the construction funds required for the project is shown in parenthesis in millions of 1977 dollars. These estimates are provided in ranges because of the unknown effects that project design would have on the costs.

Federal Aid Interstate

- Route 280 - Add two inside lanes between Route 17 and Magdalena Road. The possible use of these additional lanes exclusively by buses and carpools should be considered. Additional analysis should be undertaken to indicate how this type of preferential treatment would work in this location and how the development of the expanded bus fleet would be coordinated with this proposal ($14-16 million).

Federal Aid Primary

- Route 152 - Widen to 4 lanes and add a median barrier and truck escape ramps between the Pacheco Creek Bridge and the existing 4 lane section in the vicinity of the summit. This widening is to be consistent with an ultimate four lane facility on Route 152 ($6 million).

- Route 237 - Route 237 is currently in the Federal Aid Urban system. The County, the cities and Caltrans should determine the appropriate segment between Milpitas and Mountain View to recommend for conversion to the Federal Aid Primary system and should determine the priority for implementation of specific projects on this route ($20-25 million).

- Route 101 - Widen from four to six lanes in the vicinity of the Alum Rock interchange ($5-10 million).

The Joint Policy Committee voted to indicate that improvements to Route 152, Route 237 and Route 101 at the Alum Rock interchange would have equal priority at this time. Route 152, however, has already been supported as a high priority project by the County Board of Supervisors and MTC.

- Route 101 - Add auxiliary lanes (weaving lanes between interchanges) north of Route 17 ($4-6 million).

- Route 17 - Widen by adding one lane in each direction from Route 101 to Fremont. The exclusive use of these lanes by buses and carpools should be considered in conjunction with the deployment of additional express bus routes that would utilize this facility ($8-12 million).

- Develop and implement ramp metering and preferential treatment for buses where appropriate ($3-5 million). This particular recommendation does not have the project specific nature of the other recommendations included in this section. The position of this proposal is not meant to indicate that it has the lowest priority for the use of Federal Aid Primary funds. Rather, the intent of this recommendation is to insure that in the next ten years this magnitude of funding be allocated for ramp metering and transit and carpool preferential treatment on Federal Aid Primary highways. (Although no specific dollar amount has been developed, similar types of measures should be implemented, as appropriate, on Interstate and Federal Aid Urban freeways and expressways.)

Federal Aid Urban

- Routes 85 and 87 - Protect rights-of-way and continue purchases as required for these transportation corridors ($5-10 million).

- Route 87 - Construct four lane expressway with appropriate grade separations to connect with the Almaden Expressway in the vicinity of Curtner Avenue ($18-20 million). The remaining corridor right-of-way should be protected for future transportation purposes.

- Montague/San Tomas Interchange at Route 101 - Widen the existing bridge over Route 101 from two to six lanes to match the roadway widths of the two adjoining expressways.

- Route 85 - Make operational improvements in Cupertino. The existing Caltrans project, which would cost approximately $7-10 million to extend a freeway or expressway to Sunnyvale Saratoga Road, will be considered. The project is to be designed to avoid simply shifting traffic from Cupertino to San Jose and Saratoga Streets.

Recommendations for Transit

- The bus system should be expanded to approximately 750 buses to provide adequate local and express service within the urban limits.

Additional transit is required to assure adequate mobility for citizens and to reduce dependence on the auto. In addition, peak hour transit services can provide significant relief in critical highway corridors.

- o Expansion beyond the basic 500+ bus system should emphasize express service to downtown San Jose, express service from residential terminals to jobs in the industrial parks, and feeders to Southern Pacific and regional bus connections with BART.

These are the areas where encouragement of transit is most likely to be beneficial and the potential demand the highest, such as in the Southern Pacific Corridor. This also begins to use transit to provide a development focus, particularly to the downtown area of San Jose.

- o Southern Pacific rail service between San Jose and San Francisco should be upgraded as recommended in the Peninsula Transit Alternatives Project (PENTAP).

The Southern Pacific corridor is the major rail corridor in the County, and it should be upgraded to provide service that is both more frequent and better oriented to the growth of jobs in the County.

- o Development of a "light rail line" should proceed in the Edenvale Corridor, and the full existing right-of-way for the proposed Route 87 south of Almaden Expressway should be preserved for future transportation development.

The first step in the implementation of this recommendation will be a request to the Urban Mass Transportation Administration for funds to undertake a detailed alternatives analysis in the Edenvale corridor. This analysis will identify the impacts of the following alternative transit technologies: light rail in either the Route 87 corridor or along Monterey Highway, a busway in the Route 87 corridor, or the extension of Southern Pacific service south of downtown San Jose. In addition, the impacts of constructing highway facilities either alone or in conjunction with other modes will be evaluated. Both the northern and southern termini will also be evaluated to determine the extent of the transit corridor. The analysis will indicate if the northern terminus should be extended north of downtown San Jose to the airport or even beyond, to the Santa Clara industrial area. All of this analysis will result in an Environmental Impact Statement. Even if as a result of this detailed analysis, light rail is not recommended or approved by the federal government, the Route 87 corridor should be preserved.

The analysis indicated one other corridor in addition to the SP and Edenvale corridors that had some potential for development of a rail system. The results of the technical analysis alone, however, do not make an absolute case for rail in either the Edenvale or Fremont corridors. The weakness in attempting to project a rail future based on today's conditions in Santa Clara County is that the justification of a rail system must assume changes in land use. Therefore, policy considerations and the ability to achieve consensus on the conditions that support a rail line are the most important factors in determining its feasibility.

The potential for achieve in a policy consensus is greatest in the Edenvale Corridor. Further, construction of light rail in this corridor supports three important objectives:

- the development of the central area of San Jose, particularly by connecting the different parts of this area;
- the development of clusters of higher density housing and commercial areas on the rail corridor within the existing urban limits;
- the interconnection with an existing regional rail service in the Southern Pacific corridor.

A major federal commitment will be required to build a light rail system. Federal policies require that any light rail proposal should show a convincing need and that policies be adopted to support a rail decision. These policies include:

1) Zoning policy and development incentives to stimulate high density development around the transit stations.

2) Land use plans to reinforce the development impact of the system.

3) Station area improvements in the form of plazas, malls walkways, and other pedestrian amenities to revitalize the station areas.

4) Bus transit improvements must be coordinated with the rail system.

5) Parking and transfer facilities should be provided as appropriate.

6) Highway policies should be aimed at managing peak period use of automobiles in rail corridors.

Light rail transit can be a possibility in Santa Clara County if the following policies are followed:

1) Downtown San Jose must have the highest priority for jobs and commercial development with a strong parking management plan.

2) The proposed land use plan for San Jose should be consistent with the development of the light rail corridor; that is, higher density housing and commercial development should be located with convenient access to light rail stations. The commitment to any changes in land use required as a result of

rail recommendation plans would be concurrent with the federal commitment for construction.

3) Transit system design must emphasize convenient interconnection between busses, Southern Pacific commuter rail service, and light rail service.

4) The existing right-of-way for the proposed Route 87 south of the Almaden Expressway must be preserved for rail transit, and major new competing highway projects must be eliminated from the plan. Further analysis will be required to determine the compatibility of the development of the Route 87 corridor for highway purposes.

5) The system design must discourage development which would leapfrog the existing urban limits.

The Edenvale Corridor light rail recommendation is based on the condition that local government support for the transportation investment will result in adoption of the five policies listed above.

Recommendations for Supporting Measures

The previous paragraphs have described capital intensive facilities that are being recommended for implementation in the next ten to fifteen years. Since a basic concept of these recommendations is that a more effective use of the existing highway and transit systems must be achieved due to funding limitations and environmental concerns, there are many non-capital intensive measures that local jurisdictions and private groups should be encouraged to implement.

Some of the most effective means of using the capacity of the existing system better include: staggered and flexible work hours; preferential treatment for buses and carpools by using traffic signal preemption, special freeway on-ramps, exclusive lanes, or close-in parking for pool vehicles in employment areas; traffic engineering measures such as signalization of channelization, and special provisions for bicycles and pedestrians. The deployment of express buses as recommended earlier will require the provision of preferential treatment on many of the County's freeways and expressways. These measures should be incorporated into any improvements to facilities such as Route 85 in Mountain View, Route 101 north of Capitol Expressway, Route 17 north of Los Gatos and Interstate 280 between San Jose and Mountain View.

Examples of facilities designed to increase bicycle use include the designation of bike lanes or the construction of bikepaths not only for recreational purposes but also in corridors exhibiting high work trip flows. In addition, the provision of bike storage facilities at major transit transfer locations, such as SP stations and express bus terminals and in office or industrial parks, would increase the use of bicycles as an access mode to and from transit facilities and major employment locations. Allowing bicycles to be transported on selected transit carriers should also be considered.

Finally, the following measures should be supported by private firms to assist public agencies in making the most cost effective use of the proposed highway and transit improvements: providing connecting shuttle buses or vans from offices or industrial parks to Southern Pacific stations or express bus terminals; providing company outlets for the sale of transit passes and the distribution of transit schedules and information; promoting the use of transit by purchasing tickets and passes in bulk and re-selling them to company employees at a discount; and promoting the use of car-, van-, or buspools by providing assistance in the formation of these pools and preferential parking for pool vehicles.

memorandum

TO Board of Supervisors
FROM Rod Diridon
SUBJECT FEDERAL STUDY REGULATIONS
DATE 3/19/79

Federal requirements for studies precedent to major capital investments (heavy rail, light rail, or freeway) have become a point of controversy recently. Most of this difficulty has been based on a misunderstanding relating to the standard federal sequence and our current conditions of compliance.

The following columns indicate the federally required sequence and Santa Clara County's compliance. It should be noted that the first four separate evaluations are required before the Department of Transportation will make a fiscal commitment to any capital intensive (heavy rail, light rail or freeway) program. We have completed the two most difficult steps as is shown below.

Federal Requirement	Santa Clara County Compliance	Completion Dates
(1) A general concept study.	Rapid transit development project phase I adopted by the cities and the County in 1974-75.	1974-75
(2) Systems level alternative evaluation.	Joint Corridor Study completed in 1979, including the data base generated by the Santa Clara County light rail study of 1976.	1979
(3) Project level or corridor level alternative evaluation and environmental impact study.	To be started in March or April of 1979 with Board approval, noting that UMTA has already concurred in funding preliminarily.	Mid-1980 (projected)
(4) Preliminary engineering and proof of local matching funds.	The preliminary engineering studies would begin in mid-1980 while the local match has already been accumulated.	Late 1981 (projected)
(5) Final engineering and bids.	This step usually requires 1-1/2 to 2 years.	Mid-1983/84 (projected)
(6) Construction with federal approval.	This step usually requires 2 to 3 years for a starter element to be in operation.	1986-87 (projected)

The following five metropolitan areas are at level 6 of the process, under construction, with a light rail or light/heavy rail mass transit system: Atlanta, Baltimore, Buffalo, Miami/Dade County, and Washington, D.C. The following three metropolitan areas are at level 5 proceeding into final engineering and have received final approval for construction: Honolulu, Los Angeles, and Portland. It should be noted that each of these is a light rail system with a bus feeder system. The final approval given to Los Angeles is subject to their development of a source of matching funds which are currently not available.

Sixteen metropolitan areas, including Santa Clara County, are at the third level in the cycle and have not yet completed the project level evaluations and EIS. Santa Clara County has an advantage over these other systems in that we do have our local matching funds and an indication of broad public support. Many of the other 16 areas will never move beyond step 4 because of an inability to provide the local match.

It should be noted that the cities of Boston and San Francisco have already completed commute systems very similar to that expected in Santa Clara County as have Toronto, Edmundton, Calgary and others, each relying heavily on light rail fed by buses as the principal bedroom to job medium capacity rapid transit commute link.

In order for us to stay ahead of the demands that will be placed upon Santa Clara County by our currently existing and continuing rapid growth, we must attempt to pursue transit objectives similar to the other great metropolitan areas in the western world. Mobility is principal to our way of life and to protecting the quality of our everyday existence and environment.

Our Board of Supervisors must continue to maintain the vision that has been so uniquely obvious from within our community in pursuing the optimum transportation system to meet our future needs. That system, concurred in now by three different studies and two different world renowned consulting organizations, is technically viable, economically prudent, and significantly overdue. The Board of Supervisors must exhibit aggressive leadership in completing the six federally required steps as quickly as possible.

Mr. MINETA. Mr. Graebner?

Mr. GRAEBNER. Thank you. As the person in charge of getting the system out on the street and operating it, I would like to second very strongly what a number of speakers have already said.

The key thing I think is that the record of our transit district just shatters the commonly held myth that Californians will not part with their auto under any circumstances. We've had those circumstances.

Prior to the first national gas crisis in 1973 our annual ridership was 4.3 million. In the year 1974, it rose to 5.7 million riders. In the 3 years from 1974 to 1977 ridership doubled to 11.4 million. This represented an average weekday ridership of about 40,000.

As of late 1979, those figures had almost doubled again. Today, Santa Clara County is one of the 25 largest bus transit systems in the country, and for 1979 we ranked as the fastest growing of any major system.

Yet it is also very important, in the context of TSM and related things, to note that while ridership from 1974 to 1979 nearly quadrupled, the measures of efficiency such as riders per vehicle hour and riders per vehicle mile also increased by nearly 50 percent.

We have every indication that these trends will continue into the foreseeable future. Our studies show a large, as yet unmet, demand for good reliable transit service. Indeed, the county and the 15 cities in the county recognize this and include transit in a major role in their future development plans.

In 1979, the county adopted the recommendations of the Santa Clara Valley corridor evaluation study. This report, which provides our working blueprint for transit expansion to 1990, includes four major transit elements:

First, an expanded local bus grid; second, a nearly 10-fold increase in the popular express bus system; third, preservation and enhancement of Southern Pacific commuter rail service in the West Bay; and, fourth, development and implementation of a fixed-guideway transit mode such as light rail in the transportation-starved Edenvale corridor.

The document "Transportation to 1990" and the stacks and stacks of supporting studies and background data set our long term course of transit action. The strong local commitment to transit improvement is very much present and is backed by a one-half cent sales tax approved by the voters in 1976.

This strong financial base is reinforced by our ridership record and the expressed desires of community decisionmakers and opinion leaders. Santa Clara County wants more and better transit and has underlined its desires by providing cold cash to meet those needs.

The Federal Government has been a participant in urban mass transit decisions since 1964 and passage of the Urban Mass Transit Act. The Federal partnership can be credited with saving transit in many cities during the 1965–75 period by allowing communities to acquire and rehabilitate systems which private owners had been unable to continue to operate.

Today, the twin constraints of energy limits and chronic inflation have combined to make us realize, both as consumers and as taxpayers, that we must be more efficient and economical in our transportation investments. On the national level this has meant more attention to and more money for transit systems.

However, I believe there are three areas where, from an operating standpoint and the point where the rubber meets the road, so to speak, some improvements can be made. In general, these include the planning process, fund availability and allocation, and the grant delivery.

First, with regard to the planning process, it seems to me that we too often substitute another study for concrete action—as has been mentioned. I am reminded of an adage I learned when I was a consultant, that "it is better to be roughly right than exactly wrong." We seem to spend an awful lot of time trying to be exactly right. We wind up being partly wrong instead.

To me this means that we must spend more emphasis and dollars on rapid payoff and low capital intensive transit improvements, with the idea of being very close to right. No study, gentlemen, will add service on the streets where people can use it. And that really is the bottom line, especially when we talk about energy shortages.

Examples of such items under active consideration or in effect in Santa Clara County include signal preemption for buses pioneered on the west coast by Santa Clara County and high-occupancy vehicle lanes being incorporated in major freeway and expressway projects.

Staggered working hours or flextime, already partially implemented within the agency, will be urged on the manufacturers as a key method of evening peak-hour demand.

Another example is encouraging manufacturers and other major employers to subsidize fares for their employees through payroll deductions, validation coupons, pass purchases and similar plans.

The agency is expanding its carpool/vanpool program and is working closely with industry to promote it. A major restructuring of our marketing department is under way to provide better information distribution and much more community outreach.

In the area of funding, there are three major concerns. On the national scale, the ability of the transit industry to respond effectively to the demands expected to be imposed by the tightening of energy availability will, in part, depend on its ability to purchase buses and facilities. The early passage of the windfall profits tax is a key element.

Second, there must be recognized that the rapidly growing urban areas of the West now have the need for capital-intensive transit investments that eastern cities are fortunate to already possess.

In the bay area, for example, we need to revitalize and expand the Southern Pacific commuter rail service. Yet, while tens of millions of dollars have purchased hundreds of railcars for eastern systems, not 1 cent has been spent on railroad commute equipment in this region.

We have been using our own money to purchase buses because it is the only way we can substantially expand our fleet. And as Chairman Cortese mentioned, we are continuing to do that despite the fact that the used bus market has practically dried up.

At the present time we have an application pending with UMTA. We have received bids for 134 coaches for which we have funding. We have an additional option for 85 coaches which we would love to exercise at a price that is $6,000 per coach less than any bid that's happened since then. I would hope we can work through the grant delivery process to get that option exercised.

Further, western cities are in the forefront of applying cost-effective light rail technology to transit corridors which justify it. We have learned from our Canadian friends in Edmonton and Calgary that high-capacity fixed guideway transit system can be built incrementally at costs considerably below the heavy rail systems funded during the past decade.

In order to insure that the rapidly developing western cities can properly integrate land use patterns and transportation, we are particularly heartened by Secretary Goldschmidt's position that UMTA will fund selected justifiable new starts, and we urge funding for such projects be given high priority.

Finally, it must be noted that while UMTA's grant delivery process has been streamlined through greater regional authority, the redtape and regulatory minefields still constitute a formidable and time-consuming gauntlet for many very worthwhile and necessary projects.

Again, as an operator, as one who consistently has to defend the actions to the board who in turn has to defend actions to their constituency, we have to explain why we can't simply provide more service right now, more service tomorrow. We would urge consideration of further streamlining, if not outright elimination of these bottlenecks.

The coming decade will be identified by future historians as the golden era of transit. We in Santa Clara County intend to be a vital part of the dynamic growth of transit during those years, just as we lead the Nation today.

We seek your help, and appreciate the opportunity to share our concerns and our goals with you.

Mr. Chairman, I think we are ready for questions.

Mr. MINETA. Thank you very, very much.

First of all, what percentage of metropolitan trips in this area are now by auto or by transit? Is there a way of breaking that down?

Mr. DIRIDON. Three percent, as I recall, are on transit, mass transit now, Mr. Chairman. And that is up dramatically from just a year ago.

I think though that the answer to the question to give it full meaning would have to be prefaced with a statement that we are in an emerging transit area. We've only had a transit agency in this county for 4½ years or 5 years.

Before that there was a scattering or private operators going bankrupt that provided practically no service—as you recall as mayor of San Jose at that time, Mr. Chairman.

The San Jose lines were on the verge of bankruptcy, you were having to subsidize those lines, they were not experiencing any kind of ridership. Now we have turned that around with a new system and ridership is dramatically and drastically increasing on mass transportation.

It certainly won't receive a significant modal split until we provide the kind of system that the metropolitan area deserves—which is not 300 buses, but 750 to 1,000 buses, and not buses only but a multimodal system as per the master plan with express route buses, the SP upgrade, the light rail system and a highway-related transportation systems management program.

Then we will see mass transportation carrying 20 to 30 percent of the total trips that we would target for 1990.

Mr. **Mineta**. And that 1990 target is what?

Mr. **Diridon**. It is 30 percent at this point. We recognize that that's ambitious and probably would not be obtainable with only a starter element available for the light rail program at that time.

But with the light rail program somewhat intact as envisioned in the RTD phase I, we would expect to be carrying at least 30 percent. In the light rail corridors it's more like 50 percent—I think was Jim's comment the last time I heard him speak on this.

Mr. **Mineta**. You say that there was an increased transit demand as a result of the higher oil prices. Do you feel that that increase has been held?

Mr. **Graebner**. Absolutely. Our ridership today is as high or higher than it was during the height of the crisis with the gas lines last May.

Mr. **Mineta**. So the old traditional wisdom about, well, once that crisis passes we'll go back to our old ways and transit ridership will drop is not the case, at least from your experience here in Santa Clara County?

Mr. **Graebner**. Mr. Chairman, our experience shows, and our ridership records show very clearly, that our problem has been strictly one of not having the capacity to adequately meet the needs.

One of the biggest complaints that occurred during the gas crisis and has continued to occur is people being passed up because the buses are just too full. That is one of our very critical problems in the peak hours on certain lines even today.

Mr. **Mineta**. Then other than more money in order to get more vehicles, there has got to be that relationship between the maintenance facility and, I assume, the operating subsidy as well?

Mr. **Graebner**. Yes. One of the problems which caused me no end of trouble last May was the fact that the Agnews facility which you toured this morning was quite late in coming on stream. It should have been opened before May.

It was not. We did not have the benefit of that facility. Now it's now up and running. That will be a major leg up for us the next time we do have a gas crunch.

The maintenance facilities have got to accompany buses. You can't simply have one. You can't simply put buses into a property and expect service to be provided. It has to be done, true, with haste. But with all deliberate haste, as you expand.

And my plea would be to have us expand as rapidly as we can, but to yet maintain the reliability which we have achieved at a great deal of trauma.

Mr. **Mineta**. I would like to have you expand on that. Because as I recall in May of this year you had a 63-percent availability on your buses. And in June I think it hit 55 percent, or whatever amount, and it bottomed out a little lower than 55 percent.

And then of course since then, as you say, you have used the new Agnews maintenance facility and that investment has had big payoffs in terms of increased numbers of buses actually in service.

I think this is something that we have not recognized. I think from our programmatic level we have always thought that if you get more buses out there, that's sufficient.

But what I hear you saying is that there is a need for these backup support facilities as well?

Mr. **Graebner**. Absolutely. You must have the ability to maintain buses. You must have not only the facilities in which to maintain them, you must have the trained people, the trained mechanics that can keep the buses up. And of course, you've got to have the drivers, again trained, that can drive them.

And all of this takes time to do properly. Having the property come in and order 300 buses, and trying to run 300 buses out of a facility which is hard pressed to run 50 buses just isn't going to work, and is not going to give people the services they are entitled to.

I correct one number. Our reliability, even at the depths of June, never got below 86 percent—which is still—if I were to assign a letter grade—a good solid D minus.

But the fact remains that we did experience something like a 22-percent ridership increase in 2 weeks. And that, combined with the rather overloaded condition on the equipment that we operated and still operate to some extent, plus the lack of suitable maintenance facilities, was enough to cause us great pain.

I think the lesson that certainly we've learned and that I would like to share with the rest of the country is, you must have your maintenance facilities and your backup infrastructure in place along with just the fact of having more buses.

Mr. **Diridon**. Mr. Chairman, if I could elaborate on that a little bit?

Jim mentioned that the reliability dropped to 86 percent during that period of time. He did not mention that the reliability is now at 99.4 percent, which is a tribute to Jim, his staff, the mechanics, and particularly to those facilities that you folks have provided to us over there at Agnews and the other maintenance facility.

Ninety-nine point four percent is really a tremendous reliability record, recognizing that according to the American Public Transit Association, 94 percent is the average across the Nation.

Mr. **Mineta**. Now, in a similar vein, you have been seeping—and you have done very well so far—an investment for a downtown transit mall.

Discussing bus expansion plans in your document, you state something to the effect that, "We will be unable to reach our full ridership potential unless major new physical improvements are made to the transit facility in downtown San Jose."

I take it an investment in a transit mall is fully justified solely on the basis of protecting your investment, just as the reliability factor requires a good maintenance facility.

A transit mall is fully justified solely on the basis of protecting our investment in the productivity of our expanding bus fleet?

Mr. **Graebner**. In this case, the downtown mall by its ability to move traffic more rapidly, more conveniently, more safely, and handle larger numbers of people into and through the downtown area, which continues to be our major single attraction in the county, will justify a very large capital investment.

I would not think that the term "gold-plated capital investment" could be justified on transit savings, transit productivity, grounds along. There is a limit, of course, but I would think that the rather modest and mild proposal that we have submitted, and for which we certainly are appreciative of the funding we have received to date, can justify itself, if not on very short terms, certainly on a reasonable term, just on the productivity effect it will have on our transit service to the area.

It will incidentally serve as a major catalyst for our downtown development, which is in our best interest in the long term.

Mr. DIRIDON. Mr. Chairman, one additional comment there. First is a very heartfelt thank you to you and to Congressman Edwards for helping us with that process. Your efforts were pivotal in the process of obtaining that funding.

My second point is to give you some members that will describe the magnitude of the problem we are having in downtown San Jose. The corner of Santa Clara Street and First Street, which is the interchange point in downtown San Jose, has experienced roughly 100 buses per hour.

You can imagine the traffic jam that occurs there. And it is occurring. That is going to rapidly increase as we increase our fleet from roughly 250 to 350 buses up to 500 buses over the next year.

What the mall does is allow that interchange point to be spread out. It spreads the contacts between different routes up and down the mall, making it a much more pleasant kind of experience, and involving the business community in the process in an attractive way.

I think the mall, more than any single event in recent history, will have a tendency to make San Jose the great metropolitan community deserves to be.

Mr. MINETA. Thank you. Let me ask, Mr. Diridon, from your position as the NACO chairman of public transportation, what is it that is going to get that person out of his automobile and into the public transit system.

Is it price, is it convenience, is it reliability of service? To what extent is the fare a determinant as to whether or not it is used. We have heard some reference to it already today. But I was wondering from your perspective as chairman of a national committee, what your thinking would be?

Mr. DIRIDON. I think NACO had a strong hand in assisting the Department of Transportation in developing their recent policies regarding the fare structure.

And although DOT and NACO are very concerned about obtaining a reasonable rate of return from the fare box, that is not the top priority objective. The top priority objective is to provide mass transportation to overcome difficulties in low-income communities, social and sociological objectives as well as economic objectives.

And so with the natural automobile disincentives that are coming upon the scene now, the increased price of gasoline, the terrific congestion, the terrible air pollution problems we're having particularly here in the bay area, I think that the increase in fares can be more substantial than originally thought.

At the same time, those increases have to be reasonable. They have to be thought out carefully, they have to be accomplished after careful public hearings so that no one in the public sector has a feeling of something being slipped by that they did not have a chance to comment on it.

And then those increases need to be associated with improvements in service. They have to be logically attached to something that the public is getting for the increase.

We are doing that in San Clara County. We have already approved an increase hierarchy now extending through the year 1983, as I recall—Jim?

Mr. **Graebner**. Yes.

Mr. **Diridon** [continuing]. With the first increase occurring this year as we begin adding service. The fare will go from 25 to 35 cents. And then in 1982 or 1983 it goes from 35 to 45 cents. And it very well could go above that as we move on to better service. And I think the public is willing to pay more as they see better service provided. That reasonableness, I think, will dampen the negativeness of the public that almost always occurs after a fare increase is installed and produces a ridership dip rather shortly thereafter.

Mr. **Mineta**. Yesterday, we had the opportunity to hear from Jim Echols from the Tidewater Transportation District Commission, which serves Norfolk, Portsmouth, Chesapeake, Suffolk, and Virginia Beach, Va.

He stated:

> It is reasonable to expect that land developments over the near term will continue to be low density and that the transportation system required to serve this development must be able to provide for low-density movements in cost effective ways.

I am wondering, from your experience here in Santa Clara County, whether or not you would agree with that? And if you do or don't, what is being done here to try and relate land development programs with transit capacity?

Mr. **Diridon**. Jim Self mentioned to you—and Jim was a member of the Santa Clara County Corridor Evaluation Board of Control, as well I—that that study proceeded from the premise of land-use selection first, which was the most difficult portion, forcing our city to agree on a land use type for the future.

This is what the study looked like. The results of the study have yet——

Mr. **Mineta**. I am sorry, is that the one?

Mr. **Diridon**. Yes; that is accurate. And it is entitled "Santa Clara Valley Corridor Evaluation Summary," and it was appended to my statement.

The very, very important character of this study is that, first, we identified the land use type required or desired by our 15 cities and agreed to by the county.

Once that was established, we designed a transportation system to serve the land use objectives. Land use objectives are infill—there is a way of describing it best as infill or reduced commute—moving people closer to jobs and jobs closer to people and reducing the transit and transportation requirements.

You'll notice in looking at the master plan for transportation, which is digested out of this joint corridor study, that the master plan does not extend mass transportation outside the urban service areas.

It keeps mass transportation within the urban service areas in order to encourage infill within the county pockets that occurred during the leap-frog development period of the fifties and sixties.

That was the cardinal rule in the development of the master transportation that you have. And I think that it was carried through rather effectively.

It should be stressed that rail transportation is the transportation modality that most effectively shapes the urban form. I think particularly Edmonton and Calgary have shown us that. Toronto has shown us that.

And we are attempting, or going to attempt, to use light rail if it is indeed confirmed as a desirable mode in the Guadalupe corridor as a device for concentrating population and employment within that corridor, which has a substantial amount of undevelopment land and——

Mr. Mineta. How does their residential density pattern compare in the Edmonton and Calgary area, as let's say compared to San Jose/Santa Clara County?

Mr. Diridon. Very similar, very similar to what we have in Santa Clara County. The same kind of sprawl problems confront them. They have the same advantage that we have in that they had a railroad corridor that they could use for their corridor.

Of course, we have the corridor for the highway that was never built that we can use as our corridor. So, we have a very analogous situation to Edmonton, Canada.

Mr. Mineta. What has the transit district done or the board of supervisors done about ridesharing programs, carpooling, vanpooling? Is there any role that you contemplate in promoting these kinds of ridesharing programs? What staggered work hours and flextime possibilities are there?

One of the things that we are trying to look at is, given a serious shortfall in energy, 20, 25, 30 percent, whatever figure you want—we know that it went to 5 percent as a result of the loss of the Iranian oil supply—what are we going to do to make sure that the mobility of Americans is still going to be assured to maintain our economic activity?

I am wondering what kind of planning is going on?

Mr. Diridon. Mr. Chairman, I think Jim would like to answer the question in terms of what we are doing specifically in this area. And we would like to thank the Santa Clara Valley Manufacturing Group for being wholly and totally supportive of our efforts, and very aggressively so.

Let me mention something else that isn't quite average in regard to our situation here in Santa Clara Valley. We are, as was mentioned earlier, one of the most rapidly growing areas in the United States.

Yet we have run out of land over which we can sprawl. We are going to have to talk about other kinds of development.

In the corridor that we are looking at called the Guadalupe Corridor, we expect at least a 50-percent ridership on trip requirement increase by the year 1990—a 50-percent increase.

So, even if there is not a gas shortage as described, we are going to have serious mass transit problems or transportation problems in that corridor.

So, we are hoping that you would recognize that crisis need and not even relate it to the gas shortage, but know that it is going to be there.

Know also that without the redtape that we are having to fight through with the Federal Government, you can gain access, as San Diego has done, to mass transportation rather quickly.

Within 18 months of the time they began their first study they had their bids out to a German manufacturer of light rail vehicles, to a construction company to upgrade the rails that they are going to put those vehicles on, and to the construction company that was going to build their car barns.

Mr. **Mineta**. Let me ask you about that. How much is the total cost of that system?

Mr. **Graebner**. I believe it is about $87 million.

Mr. **Mineta**. And the source of that $87 million is what?

Mr. **Graebner**. It is primarily Prop 5 money from the State, plus local money. There is no Federal money involved in that program.

Mr. **Mineta**. I recognize that. Now, the Prop 5 money, what did they do? Have they been setting it aside since the time Prop 5 was originally passsed? Or are they using the proceeds of Prop 5 as a revenue bond source? Where are they getting that $87 million?

Mr. **Diridon**. $60 million of the $87 million came as a special legislative allocation from the State of California. It helps to have a president of——

Mr. **Mineta**. I was just going to say, to what extent does that reflect the interest of the State senator from the area and his position of power. It is great to have Senator Mills there. And I think we have got to recognize that as an element in this thing.

Mr. **Diridon**. But with the funding available from whatever source, the process of obtaining transit can be failry short.

Mr. **Mineta**. Going back to the question of how we get people into more efficient automobile use, ridesharing programs—you say that you are going to be able to raise that to what percentage level for home to work trips?

Mr. **Graebner**. I don't think that we have established that figure. There was a figure of 30 percent for transit as a whole that was established. I would expect that for certain corridors and certain home to work trips that would be considerably higher.

Mr. **Mineta**. That is for transit in general, not just ridesharing?

Mr. **Graebner**. I don't think we have established such a figure, although we do have a fairly active ridesharing program. We have people working full time on that. And as a matter of fact, are working very closely with the manufacturers association.

I would hope that program can be expanded. It certainly is one of the immediate implementable arrows in our quiver, as far as being able to meet the demand that would be encountered under the circumstances of a rapid decrease in the supply of petroleum.

Mr. Mineta. Our objective, of course, is to make public transportation an effective and an attractive alternative to as many people as possible.

What have you been doing as far as, first of all, getting feelings from the community itself about the establishment of routes?

And then there is distributing schedules, maps, bilingual signs, scheduling information, in order to meet this objective of trying to make it an attractive alternative to as many people as possible?

I am wondering what efforts you have made and what further needs to be done in this area?

Mr. Graebner. I think you've hit upon one of the very key areas. We have not as yet been able to implement all of the routes which we know are needed. So we've not gone out too much to solicit additional service.

One thing that you learn very early is don't over promise. We'd rather concentrate on delivering that which we have the capability to deliver.

In the area of information, we do of course have a route map which is updated regularly. We update our individual line schedules. We have some 40 telephone operators available including DTY for hard of hearing. We do have various directories and maps.

During the gas crunch, we took out a full four-page spread to show route maps and to encourage people not to use the phone but to pick up the schedules at one of the information centers that were available throughout the county. There's 30-some places where you can get schedules.

We have a white courtesy phone at San Jose airport. You come in and want to know timetable of the 64 which goes right by there. There are just a lot of programs that we're into and will be implementing in more detail during the coming year, including the conversion of several of the older or completely out of date coaches into mobile information centers.

I think one of the key things we're learning, and a very important part of our experience, is that as we get into the area where the people we are attracting to the service have absolutely no experience with transit, we find that the information level has to be a lot more basic and at the same time a lot more specific.

In other words, a person who moved out here from, say, some city in the east has ridden a bus once before and knows the basic techniques of how to get on a bus, where to wait for it, that sort of thing.

Therefore the kind of questions you could get from that person over the phone are such things as when does the bus leave, when does it come back, how much does it cost? It's a fairly simple conversation.

But when you're dealing with a person who has never before in his or her life even set foot on a bus, you have a completely different and more basic level of detail which takes a lot longer for a phone conversation, thus running costs up and eliminating productivity of the phone system.

That requires much more of an outreach program. That's what we're going to be getting into more and more in the coming year.

One of the things I mentioned is that we are going through a rather involved reorganization of our marketing effort to encourage and get more into the outreach program.

I think that whole area of public information, making it as simple and painless as possible to use a bus, is going to be one of the things while will help us a great deal as people find that they have to rely more and more on a transit system.

Mr. MINETA. Mr. Stangeland?

Mr. STANGELAND. Thank you, Mr. Chairman.

First of all, I would like to commend all three of you on an excellent presentation. You are all very knowledgable in the field and very helpful.

Mr. Diridon, I can't help but think as I listen to you that you must have experienced some tremendous frustrations.

I am mindful of the story about the fellow who came up to the farmer and asked him what he would do if he had a million dollars, and the farmer said he would just farm and farm until it was all gone. I sometimes think we plan and plan until the money is all gone.

To me it is a sign of a disease that we have in the Federal Government. I don't know that we can ever cure the disease. But I think we ought to be working to arrest it.

I would hope Mr. Graebner, that you would provide our chairman with some of the specifics of the redtape and the regulatory minefields. Because there are many of us in Congress—and I note the Chairman is one—who see it is not only in transporation. It is in the Clean Water Act. It is in the rules governing hospitals.

Every busenessman you talk to talks about how Government regulations and rules strangle private enterprise and municipalities.

I am sure that, as a followup to these hearings, we will have UMTA come before us. We would like to have some of those specifics to see if we can't begin to streamline the process, to see if we can't provide that fast tract, Mr. Diridon, that you talk about.

We talk about freeing up industry. You know, I think we have got to have Government just free up the people a little bit once in a while and encourage some local initiative.

I know that planning is necessary. The kind of dollars we are spending for these kinds of systems requires some planning. We don't want to start down the wrong road. But I am sure that we overplan and we oversurvey, too.

You people here far better understand the problem of the Santa Clara Valley and its needs than some desk jockey in Washington, D.C.

We would very much appreciate you following up on this and working with us on it, so that in trying to solve your problem we can help other municipalities as we face the problems of transit.

A couple of questions. During our visits this morning, you said that you were buying a number of used buses and, I gather, doing some rebuilding.

I am wondering if you have a cost analysis of that? How much money do you save by going that route? How much life do you expect to get out of a rebuilt bus?

Mr. **Graebner**. Well, that's a very easy one to answer. In general, a bus is predicted to have—a new bus is predicted to have a life of 12 to 15 years. Our cost for a new advanced design bus—our latest bid was $135,000 each and they are running about $140,000 now.

You figure for about one-third the amount of dollars you can get a bus that's going to last one-half as long. And that works out to be pretty good economics.

I think more than just economics, though—because the newer bus of course has certain comfort features—is the fact that we just need everything that we can put our hands on.

And since the manufacturers have not been able to get the orders in rapidly enough to justify greatly increased production—that's been because of the funding problems—we've just had to go ahead and get whatever equipment we can.

It's reliable, the equipment is good equipment. It makes economic sense. At the same time it allows us to start to meet some of the demand we're experiencing. So, I think that was the basic reason that we've gone that way.

Mr. **Stangeland**. The BART people said something this morning that intrigued me, because I have never had to use a bus to commute or anything like that.

They said that too often commuting was a negative experience, that they were hoping to make it a positive experience and by so doing to encourage usage.

I am sure that riding that new bus is a far more positive experience than having to commute in an older bus. But I think the economics say that you are doing a proper job, a very appropriate job, and one that you ought to be patted on the back for.

Let me ask you, what incentives do you offer employers, or can you offer employer, for their participation in either a ridersharing or flex-time program?

Mr. **Graebner**. I think the biggest incentive that we have is that it's to the employers' benefit if employees can get to work reasonably comfortably and on time.

I don't have figures in front of me showing what it costs an employer for parking space, given the value of land in this valley. I suspect that it is a sizable figure.

You may want to ask Mr. Giles of the Manufacturers Association what sort of things they would be interested in as incentives. Because we have been working with the Manufacturers Association for approximately a year now.

We have had some excellent successes in small things, one small step at a time. And I think some of those including—as Mr. Cortese has made one of his very strong points—the idea that a manufacturer as a benefit could possibly participate in pass sales.

This kind of thing would be of great benefit to the employees. Certainly staggered working hours would provide greater capacity and I think the dollar value of those has not really been set—and need to be set on individual case-by-case basis.

Mr. **Diridon**. May I comment also on that, Mr. Chairman?

Mr. **Mineta**. Surely.

Mr. **Diridon**. One of the incentives that we would like to offer to the manufacturers is better bus service. We have the demand, obviously. We just don't have the rolling stock.

That is why this rebuilding—one of the reasons why the rebuilding program is so desirable. Because instead of waiting what has been about 2½ years on the average for a bus from the time the process starts, it takes about 4 months to get a rebuilt bus.

So that is a real advantage, a distinct advantage, that may outweight the cost differential at this point.

One of these incentives we would love to be able to offer the people is to say we will give you better bus service if you go to flex time, or to other plans or kinds of advantageous scheduling—maybe parking lot preferences and so on.

But we can't. Because we can't provide service on the current runs.

Mr. **Stangeland**. Very good. Again let me thank you for the testimony. It was very enlightening. And rest assured, we will look forward to hearing from you and we will do whatever we can—I will do whatever I can to help your chairman and your Congressman from this district to provide you the kind of resources that you need to solve the problems that you have. Thank you.

Mr. **Mineta**. Mr. Krouse?

Mr. **Krouse**. Mr. Graebner, what size bus do you see as the optimal size to serve an area like Santa Clara County? It seems a number of systems around the country are going for the big load buses, the double-deckers, the articulated buses, and so forth.

What is your trip pattern? Can you use those big volume buses?

Mr. **Graebner**. Yes, we can. We have had an application pending before UMTA for over a year now which envisions, as currently stated, I believe 30 articulated buses.

And the same application envisions 25 30-foot buses. I don't think there is one optimal size bus. You need a family of buses, if you will.

There are certain areas where residential needs, residential constraints, prohibit anything larger than, say, a 30-foot bus.

For the types of service we operate in our really rural section of the county down near Gilroy or Morgan Hill, the demand doesn't justify anything larger than a 30-foot bus.

On the other hand, where we have express services where, for example, we are getting 106 people all wanting to get to the same place at identically the same time, we can certainly justify an articulated bus.

Where we have headways of 10 minutes or less, which we have on the 22 route, there may be some advantage to having a larger bus to increase productivity.

I would caution, however, that you can't tailor the bus size to the demand exactly because the demand will vary during hours of the day, and you can't afford to maintain two fleets of buses.

But there is no one optimal size really needed in this county. You can justify economically and as to volume everything—the 30-foot coach right up to articulated.

Mr. **Krouse**. You do operate some very small buses, 24-passenger, 30-passenger buses, is that correct?

Mr. **Graebner**. I am going to try, speaking of minefields, to work myself through this one rather delicately.

Years ago this agency performed a rather large experiment on the feasibility of dial-a-ride applied countywide. To do that, they procured a number of small buses from Twin Coach which have when put into typical urban transit service they have become notorious for their failure rate and have given me great numbers of gray hairs as I've tried to make them into transit buses.

Those coaches are being phased out as rapidly as we can replace them, and are unfortunately of such a great unreliability that even with a crunch coming I would not want to keep them around.

So, the fact that they are in service is not reflective of the justification for them to continue in service.

Mr. **Krouse**. The subcommittee held hearings in May of last year on bus procurement, procurement of rolling stock, and UMTA's regulations.

One of the conclusions that came out of the hearings is that there really is a very small market for mid-size buses and there is great disenchantment among operators with a lot of the small buses that they are forced to use. In fact, very often they have to convert chassis into small and midsize buses. And what you are saying seems to confirm that.

Mr. **Graebner**. With one exception. I participated in a number of those UMTA seminars and discussed the small bus. And I believe what's happened there in projecting the market has been the wrong question has been asked.

The question has been asked of the operators, are you planning on bying any of the existing small buses. The answer from me as an operator, frankly, would have been no, because until recently anyway there hasn't been a small bus available that we consider reliable.

If the question were asked in a slightly different way, that is, if there were a small bus with the reliability of a New Look or Silver Side would you purchase it, and if so, how many, I think you would have found an entirely different answer.

I think this is what at least one manufacturer has found since they've gotten into that 30-foot market. They've found that the demand is considerable. They are producing what I understand to be a fair quality bus. And despite the rather high cost, they are selling quite a few of them.

I think we could go on at quite some length with UMTA procurement regulations and ADP problems, TransBus, and so on. In conjunction with Springfield, Mass. and Rhode Island, we were the first properties to bid an advanced design bus under the UMTA Federal procurement guidelines.

And my feeling all along during the time preceding that was, let's get them out to bid and stop worrying about how many angels can dance on the head of a pin and get some out to bid and get that project going.

I am reminded of the very first administrator of the then Housing and Home Finance Agency which worked with UMTA, a gentleman by the name of John Kohl, who once facetiously said, "It seems we're in a position where it's too late for action. We need another study."

And that, unfortunately, seems to be where we find ourselves quite a bit of the time.

Mr. **Krouse**. If you gentlemen were to identify one or two or three priority obstacles in the UMTA program, things that irritate you the most from the standpoint of trying to operate a transit system, what would you say they are?

Mr. **Diridon**. That is a very easy one. And I think NACO would agree with my statement in saying, the lack of a trust fund, the lack of the ability for future-year contracting.

That doesn't sound like it's a big important issue. But what it does is cause UMTA to find reasons for not approving. Their normal reason is that you need to do another study, when their real reason is we don't have any money this year. We don't want to embarrass everybody by saying we don't have money this year, so we're going to have you do another study.

Now, if you had a trust fund for mass transportation such as is included in the Howard bill, and assuming the excess profits tax is passed, and you had the opportunity for the UMTA administrators to agree on future-year contracting, then we could go to this fast-track approach—have two studies and then stack the approved applications in priority order, and say, OK, you are approved, you qualify.

We don't have the money this year but the trust fund will give you the money in 1984. So, we will agree to give you a contract to begin your program in 1984. So, now go home and don't do any more studies but get prepared for the contract that you know is going to come in 1984.

But instead of doing it that way, what we get instead is, gee, we're not so sure about your project, would you go back and do another study? That is just terribly frustrating.

Mr. **Mineta**. Would you yield on that point, Mr. Krouse?

Mr. **Krouse**. Certainly.

Mr. **Mineta**. How do you distinguish that from a letter of intent?

Mr. **Diridon**. We don't even get a letter of intent. We get a letter of no prejudice sometimes. But the letter of no prejudice is a risky thing to operate with in terms of a study or of a——

Mr. **Mineta**. A letter of no prejudice doesn't mean anything. But what you are describing is close to what might be available today as a letter of intent.

And that is what I am asking, what is the distinction between what you are describing and what they have today as a letter of intent?

Mr. **Diridon**. A letter of intent has not been available until after preliminary engineering is done. And generally they won't let you get to that point unless they've got the money.

This is the perspective NACO gets from the UMTA process. And, Jim, you have experience in it, I'm pretty sure.

Mr. **Graebner**. I think, too often the lack of funding availability for the current year has dictated which projects are determined to meet the various criteria.

In other words, if a city comes in with a project that appears to be very good, as Rod said, rather than say that project is good and let Congress make the decision, for example, of how much money they are going to make available to fund projects, it seems that the decision is made that well, we don't have the money so we won't try to fund it. So we will find some reason to send the project back or not do anything.

I don't think it can be said that UMTA says no to anything. I don't believe I've ever heard of an application that has been absolutely flatly denied. But it is usually worn to a frazzle before it finally dies of its own weight.

And I think the key thing is that the decision in many cases as to whether a project is meritorious or not is based on the availability of enough funding to carry it out. And I am not sure that is properly UMTA's decision to make.

Mr. **Krouse**. Thank you, Mr. Chairman.

Mr. **Mineta**. Again, Chairman Cortese, Mr. Diridon and Mr. Graebner, we surely do appreciate your testimony and your hospitality during the sessions here in Santa Clara County. We appreciate very much all of the courtesies which have been extended to us in the preparation of these hearings.

Mr. Diridon?

Mr. **Diridon**. Mr. Chairman, you had asked a question of Adriana Gianturco in regard to reserve capacity. And there is a bit of reserve capacity that we often overlook in the local jurisdictions—as she did indeed and as did the MTC people.

And that is the recognition that we have currently existing one of the finest rail commute services available in the Nation right here between San Francisco and San Jose that could be extended with practically no notice simply by beginning those commute trains in Gilroy instead of downtown San Jose.

Or in Fremont, coming down the Western Pacific lines down through the center of San Jose. Or in Cupertino, coming up the Permanente-Jasona line, and coming into downtown San Jose.

That is within their minimum 80-mile train day. And there are already rails existing in those corridors. I think that that might be examined.

Recently we had an order from the Interstate Commerce Commission saying to abandon that line while the ridership was dramatically increasing.

I think it would be just as reasonable to have an order from ICC saying extend those lines. And that could provide us with an immediate mass transportation system throughout Santa Clara County.

Mr. **Mineta**. Thank you very much.

At this time I would like to call on Mr. Peter B. Giles, president of the Santa Clara County Manufacturers Group, accompanied by Burt Epstein, chairman of the transportation task force.

Mr. Giles, it is good to see you and if you will go ahead and proceed in your own fashion.

TESTIMONY OF PETER B. GILES, PRESIDENT, SANTA CLARA COUNTY MANUFACTURING GROUP, ACCOMPANIED BY BURT EPSTEIN, CHAIRMAN, TRANSPORTATION TASK FORCE

Mr. **Giles**. Thank you very much, Mr. Chairman, and members of the subcommittee, I appreciate this opportunity to present to you information and viewpoints on the timely subject of transportation in Santa Clara County.

Before proceeding with my testimony, I would like to palce Santa Clara County in perspective in terms of its economic importance.

In 1978, manufacturing shipments in Santa Clara County totaled 10 percent of California's manufactured product value, making us the second most important manufacturing county in the State.

Nationally, Santa Clara County ranked ninth. A report published by the Center for the Continuing Study of the California Economy says that nearly half of the State's high-technology jobs are located principally in Santa Clara County.

The report goes on to say that high technology manufacturing in the 1980's will account for over 40 percent of the increase in basic activities, making growth in Santa Clara County important to the economic base of the Bay Area.

With the growth and emerging economic importance of Santa Clara County industry have come tremendous advantages: 4.7 percent unemployment; favorable trade balance in the county with $11.4 billion of manufactured product value in 1978; high-median income, $24,000 a year in 1978; intensive innovation in high technology product development; and extraordinary career growth opportunities.

Many of the major issues facing the United States, such as an energy efficiency and productivity, are being addressed by the companies here in Silicon Valley.

With this growth and these advantages, however, have come significant problems that threaten over the long term the prosperity that has been created here:

A shortage of housing near jobs making for one of the longest average commutes in the county, as people are forced to live far from the jobsite, and which accelerates the cost of housing way above the national average.

A shortage of employees—at all levels, entry, skilled, and professional—in both the manufacturing and service sectors.

A lack of a mass transit capability to relieve either congestion or reduce our critical dependence on the single passenger automobile.

The transportation problems caused by both the rate and pattern of job and housing development are especially critical, especially when you consider the recent Santa Clara County Industry and Housing Management projection that by 1990 we will experience a 40-percent increase in morning rush hour traffic with only a 10-percent increase in roadway capacity.

The Santa Clara County Manufacturing Group has been organized to help companies here address these related problems of housing and transportation.

For 1980, the group has established the following major objectives with respect to transportation and housing:

One, work with cities, the private sector, and companies to achieve a better balance between the number and locations of workers and the numbers and locations of housing units and to increase the housing opportunities near jobsites.

Two, work with employers and government to achieve a significant reduction in dependence on the single passenger automobile for community purposes.

Examples of what we are doing or planning in these areas are:

Determining where vacant land exists, particularly in the job-rich areas in the northern part of the county where industrial use is planned, but housing could be built.

Survey planned job growth by industry to help cities anticipate job growth plans of companies and companies reassess their job growth plans and phase them over a longer time period and divert more of their planned job growth to other areas.

Participate in public planning on land use issues.

Intensify and accelerate coordinated company efforts to achieve greater percentage of commuters per auto.

Provide longer term recommendations aimed at more efficient transportation systems and use.

The problems that we face are extremely challenging. The role of the Santa Clara County Manufacturing Group with regard to mobility will be both "self-help"—doing all we can do—and helping government plan for the current and future transportation needs of our employees who constitute a large percentage of their constituents.

Thank you for this opportunity to express to you the concerns and the plans of the manufacturing community in Santa Clara County, and for your interest in the subject which we think is critical and timely, obviously for this area in particular.

Mr. MINETA. Mr. Epstein?

Mr. EPSTEIN. I have no formal presentation, Mr. Chairman. However, I do want to offer this comment regarding some of the relationships between the public sector witnesses who have appeared earlier and ourselves.

Obviously, we are a slightly different breed of cat than the individuals who have spoken to you earlier. As I perceive, they are essentially representing public sector organizations. We are representing a private sector group.

In fact—and this is only one example of the interrelationship that has gone on—I have been involved since 1973 with the transit district in the promotion and development of ridersharing programs for my own particular company.

Obviously this was a reaction at that time to the oil embargo. But it has been ongoing not only with my company but with other companies, essentially the major companies in the valley.

In addition, we have become involved with RIDES. I happen to serve on the board of RIDES for bay area commuters as one of the private sector representatives.

And we have an extremely strong motivation through the group and through our individual companies to see to it that our employees have the opportunity to continue coming to work. Obviously, that is in our best interest.

But I would take an opportunity, if I can, to underscore some of the comments that have been made about the urgency of implementing solutions.

Whatever we decide—whether the solutions are light rail or highways or hopefully a combination of the two, there is a story that seems appropriate. Perhaps you have heard it, but I will share it with you. When Moses was confronted with the Red Sea in leading the Israelites out of Egypt, he raised his hands to the Lord and said, "Lord, help me. What shall I do? How can I get my people through with the Egyptians pursuing?"

And the Lord answered, "Moses, I am going to perform a miracle. I will split the Red Sea and permit you to lead your people across that dry land."

And Moses said, "Well, Lord, that's wonderful news. I am delighted to hear it." And he said, "Yes, but Moses, before I do that, you must write the Environmental Impact Report."

I think that really summarizes what we are facing in our community. Time is of the essence for us. Before we can implement the solutions which are projected for 1990 by the transit district in the brochure which has just been handed to you, I feel that we are going to be facing even more severe problems.

And I realize that there is a certain time lag that is obviously necessary in the democratic governmental process. But one of the things you asked us at the very outset was, what can Congress do to alleviate the problem.

If there is some way in which Congress can help us expedite through the maize of bureauracy in order to implement solutions and avoid further studies, it would be to our benefit.

Mr. MINETA. Thank you very much, Mr. Epstein, and Mr. Giles.

Mr. Epstein, you are chairman of the transportation task force of the Santa Clara County Manufacturing Group, is that correct?

Mr. EPSTEIN. That is correct.

Mr. MINETA. You are employed by——

Mr. EPSTEIN. General Electric.

Mr. MINETA. You say that part of your job responsibility there at General Electric is to promote the ridersharing program?

Mr. EPSTEIN. That is right. I have been doing that now since 1973. It's perhaps a quarter of my job.

Mr. MINETA. And so, between let's say carpooling and vanpooling, what percentage is in carpooling compared to vanpooling?

Mr. EPSTEIN. I am delighted you asked. At the time we initiated our carpool program in 1973, we employed approximately 5,000 people in Santa Clara Valley.

We were able, because of the impetus of the oil embargo, to get approximately 45—something less than 50 percent of those people—into carpools.

But as I think you pointed out earlier, once the difficulty of obtaining fuel alleviated, many of those carpools dissipated.

Now, anticipating that, we did introduce our own incentive—a rather mild incentive but a surprisingly effective one. We simply asked our carpools to register with us and we held a weekly lottery where initially we gave a $5 award to the carpool if it was still an active carpool.

With the resulting inflation, i might tell you that has been increased to $10 over the last few years. But we still maintain that and we believe we still have about 300 carpools active, ranging obviously from two up to as many as 5 or 6 people, and with new carpools being registered weekly.

Now, this is not to my way of thinking an adequate number of car pools.

I think it was pointed out by the representatives from the transit district and from the county board of supervisors that there has been a close relationship. We are one of the companies who has worked with them through the years.

They enabled us to set up a bus commuting program using transit district's vehicles to run essentially express bus routes for some of our employees. This was done early-on and we've been able to maintain at least two of these buses in continuing service.

We've also utilized their services in bringing our employees through so-called arterial routes to our plant and the time schedules have been regulated to coincide with our work shifts, as best as we possibly can, recognizing that we are not the only user of the bus service.

But this has enabled us to encourage and to continue to encourage a ridesharing program. I mentioned before that I was involved with RIDES. RIDES came into our community essentially a year ago and really excited me personally to the extent that I brought them into—before I became involved as a member of the board—brought them into our company and they conducted a survey with us.

And we attempted to form vanpools. And it looked very promising for a while. We did form one which people who were involved in it were extremely dedicated to.

But the issue really shook down to—and I hate to take exception to what was said earlier—not so much the price of fuel as the availability of fuel once again.

It's my personal observation that people in California who have a car available to them will give the cost of fuel a high enough priority that they may sacrifice something else in their lifestyle. If fuel is available they're going to use it in many instances, rather than involving themselves in ridesharing.

Now that's not obviously true for everyone, but is is true for many. You yourself, sir, conducted a survey in the community in which the responses indicated a strong desire by the people to have mass transit.

I would say, yes, that strong desire is there. When the rubber hits the road—to use an apt analogy—many of those same individuals will not utilize the mass transit service unless they're forced into it by some sort of emergency.

It's an idea. But when they have to pay their money for it, they would rather pay their money and drive their cars to work.

I'm not sure how we can overcome that particular problem. But I would suggest that one alternative—and this was also something you asked regarding what Congress can do—one alternative might be to create some sort of incentive program for companies, large and small, which would in turn be reflected in, let's say, a tax incentive which would be an encouragement to companies to designate full-time or part-time coordinators within their companies and undertake the administrative expensive that's involved in setting aside reserve parking and paying additional security personnel to manage reserve parking spaces for carpools.

Those are the kinds of problems we face in setting up a program of this sort.

This is one thing which could be helpful.

Mr. MINETA. In terms of the carpools at General Electric, for instance, is there preferential parking for carpools?

Mr. **Epstein**. We considered preferential parking for carpools. We have not implemented it at our company for the reason that I mentioned, the additional security that would be needed to observe cars coming in and parking at each location.

We have several locations in the area, and we felt we couldn't rationally justify that added expense. We do have parking available for all of our employees. No one has to walk an excessive distance, although everyone obviously would like to park in front of the entrance to their building.

And so we couldn't justify preferential parking for carpools. There is such a turnover of people changing home locations and work locations and dropping in and out of carpools that we thought the administration would be prohibitive.

Mr. **Giles**. I would add one thing, that one of our larger member companies has implemented this past year preferential parking for carpool riders.

And they reported to me at a recent meeting that when they began it, for the first couple of months the thing just flopped. There was a big empty space right up in front near the entry and there just weren't very many people in it.

But they were persistent and didn't get too discouraged. They analyzed it a little bit and determined that their rule that you could only park if you had three people in the car was a little too stringent.

They relaxed that so that you could park in this priority parking if you had just two people in the car and that's worked out quite well.

And so it is a matter of adjusting and accommodating in some cases as to what is, in fact, doable.

Mr. **Mineta**. What we need is something to respond quickly. In Atlanta, I think we heard two things very clearly.

One, the private sector can do it faster and better and cheaper. Second, that ridesharing ought to be an important component of any kind of an overall transportation system.

I am wondering, with respect to that, maybe the transit agencies ought to be facilitators, but not providers of the vans or whatever.

To what extent is the Santa Clara County manufacturers group achieving success in ridesharing? Do you have a specific program in other areas? Flextime that was referred to earlier?

Mr. **Epstein**. If I can speak to the ridersharing, at the moment we do not have a groupwide program in place. We have plans to implement one, but it is not yet in place.

And it would have to be tailored to the needs of the individual companies. Our approach, by the way, is that we, even though we represent major companies in the valley and the county, we would like to provide our services to other companies once we have the program concept in place.

We recognize that a company of let's say 100 employees has need for ridesharing but may need to, for example, be put in touch with other nearby companies—let's say an industrial park environment where they can share together—where employees who work in a common location can have some means of joining together in a common ridesharing arrangement.

A company of 4,000, 5,000, 6,000 employees is in an entirely different situation. It could, and does, in fact, exist as an independent entity in a ridesharing program.

You mentioned about the private sector being able to do the job best. To a degree, I would agree with you except that many companies—certainly my own, and I can best speak for it—take the position that our job is essentially not one to provide or underwrite the cost of commuting for our employees, but to facilitate it.

The rides concept, for example is a particularly attractive one to us. If we can facilitate without becoming owners and operators and responsibile for maintenance, that is preferable.

Just the same as using buses, county buses, in a buspool situation where the driver and the vehicle belong to the county and we only sell the bus passes on our premises and maintain schedules and so forth, and publicize it and encourage our employees to participate.

I wish that I could say that the private sector can do the job more effectively. But we can't do it because we don't tell our employees what to do. We can only lead them.

Unless there is some overriding reason why an individual employee must commute to work in a ridesharing mode, he or she is going to make the choice based on the options available to them.

Whether or not, for example, they're willing to place themselves in the horrendous commute, which many of our commuters do in this county, whether the privilege, if you will, of having their own vehicles available to them is worth the strain of the commute or the cost of the operation of that vehicle, is an individual decision.

And I, for one, would hope that that decision would be makable on the basis of incentives, positive incentives. Unfortunately, it may also be influenced by the availability of fuel.

But I would hope that companies would not be put in the position, for example, of being constrained from providing adequate parking as a means of forcing their employees not to ride—not to use their own means of transportation.

Mr. Mineta. Peter, you mentioned the Santa Clara County Industry and Housing Management Task Force report. And I think your group's involvement in that was critical.

But there were some surprising things I think that came out of that. And there are two parts that I would like to refer to specifically.

One is the issue of job growth curtailment. And I am just wondering if that is really realistic? And whether or not, as you go though what are you doing right now, you are determining where vacant land exists. Are the businesses here changing their thinking about where they locate their facilities?

And is public transit in that respect becoming an element or a factor in their thinking about plant location?

Mr. Giles. I don't think public transit is a significant factor in plant location, to answer the second part of your question first, Mr. Chairman.

I think that as much as well all want to have an improved mass transit commute-oriented capability in the county, we just can't yet be in a position to make business decisions based on the availability of mass transit.

Mr. **Mineta**. But when one car—to park it requires, say, 300 square feet including lanes of traffic—and you are talking about 130 cars per acre, and to provide parking for 1,000 cars you are up to 8 acres, and you are talking about $125,000 an acre for land——

Mr. **Giles**. If I may be so bold, it is $500,000 an acre around Sunnyvale, Santa Clara, some of the prime industrial land.

So, that's right, it is very expensive parking. And my only point is, I think if the transit were there, decisions would be made based on the transit.

If the commute capability was there, that could be a very critical factor in the location decisions.

As it is, the emerging critical factors are the availability of land and the closeness of the land to housing supply. That indirectly gets at the transit issue.

But that's the only way I think that the companies—as of right now, today, to give you a candid response—take seriously the issue of transportation in their location planning.

Mr. **Mineta**. Mr. Stangeland?

Mr. **Stangeland**. Thank you, Mr. Chairman.

Let me say thank you to you two gentlemen for being here and for showing a concern 6 years ago or more.

Have or are any of your members looking at flextime? Is flextime a feasible option for you in your various businesses?

Mr. **Giles**. I would like to respond to that. We worked with the county transit district in surveying our companies in the Stanford Industrial Park, which is in Palo Alto, the northernmost part of this county.

And I would just like to say that the results of that survey showed that there was a substantial number of employees in that particular park on what you would call a staggered shift time or flextime.

In fact, we indicated in that survey that shift hours are broadly spread with most employees starting between 6 a.m. and 9 a.m., and finishing between 3 p.m. and 6 p.m.

That's not too surprising. I think what's surprising is the largest shift, 8 to 5, the traditional shift, served only 20 percent of the employees.

So, essentially, what's happening up there is that there is a spread time and over 80 percent of the 4,000 employees surveyed indicated that they could easily shift their work hours by 30 minutes.

So, in terms of flextime and that kind of schedule, that's being implemented. There's a growing interest in that. In fact, next week our senior personnel managers are getting together to try to work out even more workable solutions.

Mr. **Epstein**. Let me point out that with every piece of good news unfortunately there must also be some bad news.

One of our major companies, not my own, has planned staggered starting times for their office and shop people with this very intent in mind. That it would facilitate their using mass transit vehicles. It happens to be IBM, which is a neighbor down the road from us.

And when the time came for them to get involved in carpooling, they found that ridesharing was then much more difficult because employees were coming and going at different times and it really wasn't convenient for them to carpool together.

So, you gain an advantage perhaps in utilizing mass transit with flextime, but you lose an advantage—which is a very practical advantage, particularly in California. And we must deal with the situation as it exists today—the very practical advantage of being able to encourage ridesharing.

That is a deterrent to ridesharing.

Mr. STANGELAND. How many area employers offer or encourage ridesharing?

Mr. EPSTEIN. I don't have an——

Mr. STANGELAND. Just a ballpark figure.

Mr. EPSTEIN. Member companies of our group? I think we can probably tell you that at least half of the member companies of our group have some sort of ridesharing encouragement.

I can identify 15 companies that I know have formal ridesharing programs right now, that are large enough and do it in an organized fashion.

Mr. STANGELAND. If your companies were to sit down and set a goal—and goals, you know, are just something to try to shoot for—what is practical as far as a percentage of employees who could be induced to participate in a ridesharing program over in the next five years?

Mr. GILES. Let me just give you an example. Getting back to this survey that we worked through with the county transit district, it has 4,000 responses in the Stanford Industrial Park.

And out of those 4,000 responses, most of them worked for one company, Hewlett-Packard. Hewlett-Packard has been doing a lot, as has GE and Lockheed and some of the other companies to promote ridesharing. In fact, they have a very active vanpooling and carpooling program.

Out of those 4,000 employees, 66 percent rode alone, 17 percent were in car pools. Now, they will tell you—I think Hewlett-Packard and the companies of Manufacturing Group, and certainly me too—that there is a tremendous amount that remains to be done. And there is a lot more that can be done.

But this is the experience of a company's probably been one of the leaders in Santa Clara County in promoting ridesharing. And they've got, in effect, 17 percent of their employees in a ridesharing operation.

Mr. STANGELAND. We are still wedded to the convenience of that automobile to come and go as we please, where we please, and like we please.

Mr. Epstein, you mentioned something about a tax incentive. Do you have a specific idea in mind as to what kind of tax incentive would induce companies to become more active?

Mr. EPSTEIN. Well, I haven't formally thought through a specific recommendation. But, for example, companies are involved in expenses in the administration of any ridesharing program.

Obviously, there is a personnel expense involved to the extent that one or more individuals may have to be involved on a full- or part-time basis, depending on the size of the company.

There are security considerations involved if, for example, you're going to have reserved parking areas to insure that the people who use those places are proper individuals or proper carpools.

And there are potential cash incentives which can be given to employees for participating, essentially subsidies.

Large companies have a big enough base that they can undertake, and have undertaken—as mine and other companies have done—certain private sector programs. And I think those should be encouraged. I think we have a responsibility to do that.

But over and above that, and particularly for smaller companies where there is little inducement to do that, for the company to be expected in some fashion to subsidize the cost of employee commuting is a really difficult pill to swallow.

You get into all kinds of problems. The individual, for example, says:

> Well, I ride a motorcycle, or I ride a bicycle and I'm doing a good ecological thing. If you're going to pay Jones over there to be in a carpool, I want a similar kind of subsidy even though I perhaps don't have the same expense.

And you get into very serious personnel problems. So there are complexities that have to be worked out. But if a company, in fact, could have a significant incentive, that might help.

As you may be aware, the National Alliance for Business is able to offer incentives to hiring disadvantaged employees—tax incentives to hiring disadvantaged employees.

I am thinking of something along that line. If there is company participation and company commitment—and these would have to be defined, obviously, by the appropriate agency—then I think companies should be reimbursed for some portion of their expense, and given encouragement to take the initiative even more strongly than those of us who are doing it today.

Mr. STANGELAND. Do you think there would be any merit in changing the tax laws so that a person who bought a van and used it in a vanpooling program could depreciate that van?

Mr. EPSTEIN. I have no doubt that would be beneficial. I think it really comes down to the fact that people do look at economics. And there is an incentive for our employees if they feel they're going to save money, whether it is through capitalized depreciation of the vehicle or through saving on the cost of their commuting expense.

But it still comes down again—and I would say that's an advantage and would be an encouragement—it still comes down to getting people who want to participate with you in the van. This takes an effort.

We encourage our employees to form a carpool. But we recognize that the time involved in administering the carpool can sometimes be a cost to business. We accept that as a cost of doing business.

And obviously, if you had an individual who was an entrepreneur in running his own vanpool, that involves his running a little private business.

Well, he's being reimbursed for that by—if he does it on company time—by the company's support. And we would support that. I think that is a reasonable expectation.

And if the employee at the same time were given the opportunity to depreciate the van, and given an incentive to buy it, that certainly sounds like a positive approach.

I do encourage positive incentives. I think that is important.

Mr. **Stangeland**. Thank you. Again, I want to thank you for being here and commend you for your community spirit in trying to resolve a serious problem.

No more questions, Mr. Chairman.

Mr. **Mineta**. Let me ask about the common employer practice of providing free parking on the one hand, and yet not offering a similar subsidy for transit expenses of employees. You said the companies didn't want to get involved in the business of helping subsidize the commuting of the employee.

But should such an employer either withdraw the free parking, or give equal subsidy to the transit-riding employee at the fare box?

I know of one employer in particular that has a very poor record on this point. And I am wondering if you could offer any kind of advice to that employer—and that employer I am referring to, frankly, is the U.S. Congress.

Mr. **Giles**. I would just like to say on that—some of the companies which I think are concerned—would really go for something like that if a plan could be worked out where there really was transit service that made sense for the employees to use.

I think that's the key. And that's what we're trying to work with the transit district to have—that kind of coverage.

But I think as it is, there would be concern that they would in effect be charging their employees for a privilege which they had no practical option not to use.

In other words, they would be charging them for parking and the employees would still have to use the parking. They wouldn't really have a choice, except maybe through the vanpooling option.

And I think that is another ridesharing option. That's something that perhaps really ought to be supported. And I think there is a readiness now like there's never been before.

The decade has changed and I think our circumstances are changed. I pick it up in some of the most reticent participants in ridesharing, a willingness to go farther than has been gone before.

So, I think we ought to bring the ideas up and go after them.

Mr. **Mineta**. Well, I want to thank you, Mr. Giles and Mr. Epstein, for your participation in these hearings. And also I want to thank you, Mr. Giles, for all of the courtesies that you extended to us during this time.

I would hope that tomorrow, if you have an opportunity, that you might be able to hear Arthur Schreiber, who is president of Commuter Computer of Los Angeles. They have a very extensive operation down there. And an official of the Seattle First National Bank, which is also involved in helping its employees try and figure out what to do in terms of the transportation dilemma, will also be here.

But again, thank you very, very much for your participation here.

Mr. **Giles**. Thank you.

Mr. **Epstein**. Thank you.

Mr. MINETA. With that, the hearings stand adjourned until 9:30 tomorrow morning in these chambers.

And the committee now stands adjourned.

[Whereupon, at 5:48 p.m., the subcommittee was adjourned, to reconvene at 9:30 a.m., Thursday, January 10, 1980, in the same place.]

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MOBILITY FOR AMERICANS IN AN ERA OF INCREASING ENERGY, ENVIRONMENTAL AND FINANCIAL RESTRAINTS

THURSDAY, JANUARY 10, 1980

House of Representatives,
Subcommittee on Oversight and Review,
Committee on Public Works and Transportation,
San Jose, Calif.

The subcommittee met at 9:37 a.m., in the chambers of the Santa Clara County Board of Supervisors, San Jose, Hon. Norman Y. Mineta, chairman of the subcommittee, presiding.

Members present: Representatives Mineta, Royer and Edwards.

Staff present: Charles A. Krouse, majority; Dan Harrant, minority; and Lloyd L. Aubry, minority.

Mr. **Mineta**. The Subcommittee on Oversight and Review of the House Committee on Public Works and Transportation will please come to order.

We are pleased to continue our hearings in San Jose on transit needs and the ability of transit properties to respond to mobility difficulties that might arise for Americans as a result of the nonavailability of energy.

This morning we start with Jerome C. Premo, executive director of the Los Angeles County Transportation Commission. We have a copy of your testimony. Please proceed in your own fashion.

TESTIMONY OF JEROME C. PREMO, EXECUTIVE DIRECTOR OF THE LOS ANGELES COUNTY TRANSPORTATION COMMISSION

Mr. **Premo**. Thank you, Mr. Chairman. I appreciate the opportunity to join you here.

I am Jerry Premo, executive director of the Los Angeles County Transportation Commission.

I appreciate this opportunity to offer testimony on programs we have underway in Los Angeles County to keep our 7 million citizens on the move.

First, a short introductory note on our commission. The California State Legislature created our commission in 1976 to address the transportation problems of our county.

To accomplish this task, the commission membership is made up from the political leadership of this county. The commissioners are the five Los Angeles County supervisors, the mayor of the city of Los Angeles, the president of the Los Angeles City Council, the Mayor of Gardena, city councilmen from Long Beach and Norwalk, and a private citizen appointee.

The commission is responsible for setting both highway and public transportation priorities for the county, including the allocation of nearly $200 million each year in transit subsidies among our several bus operators.

Public transportation in Los Angeles today is improving, thanks in large measure to help you have given us.

Thanks to you, Mr. Chairman, and your colleagues Congressmen Johnson, Anderson, Roybal, Clausen and others, we can look forward to UMTA funding for 1300 new buses for Los Angeles County transit operators. These new buses will replace many old buses that we now have in service.

Other recent activities include the following:

Century—I-105—Freeway: Last October, Secretaries Goldschmidt and Landrieu announced Federal funding for the long-awaited Century Freeway project, which, by the way, will include lanes exclusively for buses and carpools.

Rapid Transit: Our Los Angeles County Transportation Commission pledged $100 million in local funds, and the California legislature approved a bill we sponsored to set aside $300 million in State gas tax funds over the next decade as the required local match for the Wilshire-North Hollywood subway.

FAU funds for Transit: We committed $17 million in Federal aid Urban—FAU—funds for a variety of transit projects.

Ridesharing: DOT recently approved a $150,000 grant for Los Angeles to demonstrate the effectiveness of ridesharing, carpooling and vanpooling.

And the list goes on. My point here is that after years of frustration and lack of coordination, Los Angeles is finally moving ahead on a variety of important programs, coordinated to enhance mobility, save energy and help clean up our air.

We have reached agreement on what we call our Regional Transit Development program—RTDP. The elements of this integrated program include: Improving existing transit operations and services—transportation systems management; developing freeway transit facilities and service; establishing a downtown people mover system; and contructing the regional core rapid transit system—Wilshire-North Hollywood subway.

I want to comment a bit on one portion of this program. Transportation systems management—TSM—is our effort to make better use of existing transportation facilities and services.

The bus system in our county is fast reaching or in some cases exceeding capacity. Given existing budget constraints, we cannot very easily increase the number of buses or routes to meet the transit demand overnight.

What we can do, though, is offer other options both to meet the increased transit need and to entice the riding public to abandon their single occupant commuting habit.

In our region, a consortium of agencies including Caltrans, the southern California Association of Governments, the Southern California Rapid Transit District, Commuter Computer, the city of Los Angeles, and our commission have been working on a ridesharing program to promote the use of carpools, vanpools, shared taxi, subscription buses and public transit.

The come-together program, as it is known, helps coordinate the many services to potential patrons and to promote an expanded community awareness of ridesharing and the dollar savings associated with sharing a ride.

As the availability of fuel becomes more of a problem and as energy costs increase, many of southern California's major employers are taking an active part in initiating and promoting ridesharing for their employees.

In the long run, however, we need rapid transit. We have selected a line connecting downtown, the Wilshire district, Hollywood and the San Fernando Valley, for these reasons:

Los Angeles is dense. Only New York and Philadelphia exceed our 5,313 per square mile density. Yet the population density in the Wilshire corridor is from 8,000 to 12,700 per square mile.

Over 140,000 persons now ride buses in the corridor today. More would like to, but the streets are already clogged.

The Wilshire-to-San Fernando Valley corridor has no alternative highways on which to run buses. Based on local support—and the hope of rapid transit—the State legislature dropped two major new highways proposed for this corridor. The need for improved transportation remains—and can best be met with rapid transit.

UMTA contracted with the Regional Planning Association in New York to examine potential rail cities. According to the draft report, the Wilshire corridor was an overwhelmingly attractive choice.

With this as information on our situation in Los Angeles, I would like to offer some issues for your consideration as part of your oversight hearings.

One, the need for long-term rapid transit authorizations. Four-year authorizations are too short when applied to new rapid transit projects, although they may fit well with bus purchases, transit subsidies and existing rail modernization projects.

I hope you will consider a 10-year new start authorization. Such an action will help all of us—DOT and localities alike—plan and finance major rapid transit systems needed now but requiring many years to build.

Two, appropriations versus authorization levels. The tier II appropriations level was $85 million under the authorization level. Our area thus lost over $8 million. We urge you to continue to press for full funding of programs you authorize.

Three, 2-year planning grants. We at the State and local levels spend far too much time planning to plan. We seem to be engaged in an endless cycle of unified work program preparation, review, negotiation, et cetera. Too often the Federal interest is directed at a process and not at the product.

All of us need to focus on what we are planning for—air quality requirements, energy constraints, better use of our existing highway and transit systems—and the products of our efforts. I propose that you direct DOT to make 2-year planning grants.

I know of no real problems with, or objections to, this change. It will cut down on unneeded paperwork, free us up at the local level to concentrate on doing quality analysis and permit more effective Federal evaluation of our work. It may even free up some Federal staff to help set some performance standards for our work.

Four, ridesharing. There is no real Federal rideshare advocate. UMTA and FHWA have understandable priorities and constituencies. Despite good intentions, neither agency has championed the rideshare cause.

You should seriously examine the establishment of a national ridesharing office in DOT to coordinate and assist in the development of this activity.

In terms of rideshare funding, I believe you should consider using the UMTA tier II model of delivering funds in areas above 750,000 directly to localities, with the State receiving and expending funds for all other areas.

Mr. Chairman, these are a few of my thoughts. We look forward to working with you as you shape Federal transportation policy.

Many have marveled at our Los Angeles freeways. We are trying to create a comprehensive transportation system, including low-cost management techniques and ridesharing, that will merit more than just marveling—we even hope it will merit some of your money.

Again, thanks for this opportunity. I would be pleased to answer any questions you might have.

Mr. **Mineta**. Thank you very much, Mr. Premo, for your testimony.

First of all, let me welcome to the hearings this morning Congressman Don Edwards. As all of you know, Don has represented this area in Congress since 1962.

And although Don is not a member of any committee that deals with public works and transportation, I know from my own experience as mayor of San Jose that I always found Don to be responsive and interested in the needs of this area.

He has joined us this morning because transit is such an important subject area.

And also this morning we have Bill Royer, from our neighboring district in San Manteo County, who is a member of our committee.

As a new member of the committee Bill has brought a great deal of experience from his own background, not only as a San Mateo County supervisor but as a member of the Metropolitan Transportation Commission here in the bay area.

I am pleased to have both of you join us this morning.

Mr. **Royer**. Thank you.

Mr. **Edwards**. Thank you.

Mr. **Mineta**. Jerry, you were with the Urban Mass Transit Administration prior to coming to the LA County commission as the executive director. I am wondering, from your own total experience, as we make tremendous investments in vehicles, do you think there are sufficient backup facilities, such as, let's say, transit intermodal transfer stations or maintenance facilities, these kinds of things, to protect the investment that is being made in equipment?

And would you also touch on the issue of reliability versus availability of equipment?

Mr. **Premo**. I will give you a profile of our transit system in Los Angeles. We've got the Nation's third largest transit ridership in Los Angeles. People say LA's spread out all over the place and nobody ever rides buses.

Well, we don't think the census figures lie. We've got 5,300 people per square mile. We carry over a million people every day on our transit system in LA.

They ride on the oldest buses in the country. The average age for our buses is 13 years. We have a few new buses. That means we are running some junk around. But that junk is carrying people.

You were just in Atlanta and no doubt marveled at Alan Kiepper's fine transportation system and its beautifully clean buses.

What we're doing is running buses that Alan got off the street 5 years ago when he got new buses in.

Mr. MINETA. Was that a requirement? At that time UMTA was saying here is the money for new buses and as a condition you have to get rid of the old equipment; but now UMTA is saying you can hang on to your equipment.

Mr. PREMO. Yes, I remember well some of those inappropriate policies.

Well, what can I say. The buses in most instances were continued in service. But why should we be expecting people to ride in 18 to 20 year old buses anyway?

The fact is that we have in the country 50,000 buses. UMTA's funding right now is enough to provide 3,600 or 3,800 new buses a year. People in the industry agree that we ought to replace buses about every 12 years.

So, the funding level for buses is guaranteed to extend and make our average even older. We can't even keep up with replacements based on the current funding level. So that's one thought.

But if I may add, specifically in regard to LA, we had and continue to have a real problem with our maintenance facilities.

We've got too many old trolley barns that really weren't designed for modern maintenance of buses. But we're having to use them.

But again, thanks to your help and to others, we've got a commitment out of UMTA for a 4-year countywide capital program that includes 1,300 new buses and seven new maintenance facilities in our county.

We were anxious to put such a program together countywide in response Dick Page's discussions with us. It shows how we are going to use section III money for capital buses and the like, section V formula money and our FAU money.

And we've got a coordinated program which in the next years will equip us to maintain our buses well. In the short term, we do have a problem. But we're working well with the Feds in putting a program together that's going to put us in shape in the last half of the eighties.

Mr. MINETA. As you put all these programs together, are there some specific goals you have for increasing private auto occupancies, or trying to improve the reliability of equipment, or reduce head times? Are there certain objectives and goals you are seeking?

Mr. PREMO. I would emphasize these new buses are replacement vehicles. They are not buses to significantly expand our public transit. However, we believe that the dependability that these new buses will induce in our system will allow us to carry more people.

We have a goal of doubling our transit ridership by 1990. And we have a goal in the occupancy area of trying to increase the number of people in our vehicles. And I think Art Schreiber, who will be speaking soon, can get into details on some of our rideshare goals.

There's considerable work that we will still need to do, though. I would not be answering responsibly if I didn't say we have to work harder at nailing down these objectives in a quantifiable way.

We do hope to rely on transit to increase by 40 percent the people-moving capacity in the Wilshire corridor, while at the same time reducing subsidy requirements. And we think we can do it because of the inherent economies of rail transit in that heavy corridor. So we've got some specific objectives in the rapid transit area.

Mr. **Mineta**. Along with those specific objectives, what about the intermodal split?

Mr. **Premo**. We are in a situation now where we have something like 21 million trips a day in our county. But only about 5 million of those trips are work trips. A tremendous number of them are taking the kids to school or shopping trips or the like.

And we are trying to encourage people to double up for trip purposes and to hold constant the number of trips despite our increasing population, so that we can conserve some fuel and the like.

From a work trip point of view, we're trying to double the modal split in terms of ridesharing. Right now we're at about 4 percent of our total trips by transit—at rush hour we're up around 12 and 13 percent.

From a ridesharing perspective, we're trying to double the number of people at rush hour and the home-to-work trip.

Mr. **Mineta**. The controversy that we are going to be facing in Washington as we get into the specifics of what to do with the excess profits tax moneys that may go into transit centers around the value of new starts, new rail starts.

Here in California we have several contenders, including LA county and Santa Clara County. But some have suggested that the increased funding to come from the excess profits tax should not be available for new starts. Or that they should be the lowest priority for funding.

And the rationale usually is that new starts are not the way to get the most ridership, the most increased ridership in the shortest time possible.

And I am wondering if you could comment on the value of these new starts, considering your comments about the density of LA as compared to New York, Boston, Philadelphia and other places?

Mr. **Premo**. I will agree that we will not have rapid transit systems constructed overnight. So, if the sole criterion is instant turnaround in ridership, then we really can't combat that basic philosophy.

But it seems to me that if we're going to address a windfall profits tax to the tune of $225 or $250 billion, or whatever it is, and do this over a decade, our vision has got to be just beyond just what we're going to get today and tomorrow.

I think it is proven without a doubt that those cities that have rapid transit are more energy efficient, not just in saving gas, but in the use of urban land space and all those things that make up our urban society.

And we believe that the city building that goes along with rapid transit is really critical to consider. In talking about taxes that will be collected over a decade, we don't think it's inappropriate to think about urban cities we're going to be building during the decade of the eighties.

I might note also that I agree that some of the money desperately is needed to clean up New York City's subway system. But I'm not sure what exactly we are going to receive in terms of increased transit ridership by cleaning up those stations.

Mr. **Mineta**. Their argument, of course, is that they haven't had the money to put into maintenance and if something isn't done to rehabilitate the system then you won't have it in 5 or 10 years, to carry the 4 million people or however many people they carry.

So, that is why they push for the revitalization of the older existing systems.

And then we come along from the sun belt area and the frost belt area saying, hey, hold it, what about new starts because we can have an increased amount of ridership in our areas because we are starting from scratch.

Mr. **Premo**. Well, I would hope it's not an either/or. It's hard, and I would not argue against the necessity of improving those older systems because they do a tremendous job in moving people.

But when one combines the amount of money that is likely to be available, hopefully from windfall profits and other UMTA section III funding, we believe that there is a way to fashion a program that provides both for modernization of rapid transit systems and for selected new starts.

It is difficult to imagine a $50 billion program during the eighties in the capital area and not have, for example, a 10-percent set-aside for new rapid transit systems, or a 15-percent set-aside. Those are the numbers we're dealing with.

Take California. We're talking about 11 percent of the Nation's population in California. And a higher percentage of the Nation's urban population is here in California.

Mr. **Mineta**. Thank you very much.

Mr. Royer?

Mr. **Royer**. Thank you, Mr. Chairman. I was wondering, first of all, if the development of your overall transportation system management program was as a result of UMTA requirements? Or is it something that you folks would have done inhouse without the requirements?

Mr. **Premo**. I think the UMTA requirements were a clear incentive for us to hasten and strenghten our efforts.

Mr. **Royer**. Another question I have. You mentioned a couple of times that you are going out now for 1,300 buses. Was Los Angeles one of those that was caught up in the Transbus situation?

Mr. **Premo**. Yes, we, Philadelphia and Miami were the three cities that were part of the Transbus consortium. And, as you know, that bid opening was a nonopening.

And UMTA has allowed us to take the money that would have been used for Transbus and use it to help speed up the financing for those 1,300 buses.

Mr. **Royer**. I think most of us are anticipating further energy shortages. Is there any kind of a backup plan that you have for an emergency-type situation, such as carpooling, vanpooling, preferential parking? Do you have anything that you might put into effect on a short-term basis?

Mr. PREMO. Well, we did a tremendous job in this regard in our last crunch. Commuter Computer, our area-wide rideshare program, is at the heart of our efforts to respond.

And Art Schreiber, who is president of that agency, I think can address this specifically in a couple of minutes.

From our transit point of view, the commission allocated $10 million in extra funds for transit subsidies. We added 40 buses to our fleet immediately to relieve overcrowding.

But the fact is we are at capacity with our transit system. There is almost nothing we can do overnight to help out. So, we are going to have to rely on people using their commonsense and doubling up, tripling up in cars in the short term. I don't see any alternative.

Mr. ROYER. Are you working at all with industry in trying to develop ridesharing?

Mr. PREMO. Absolutely. And that's why we're so encouraged by a recent grant for $150,000 we received from DOT. In the context of our total budget it doesn't sound like much. But at the heart of our philosophy in that rideshare grant is to involve the private sector to create rideshare applicants within individual companies who will try to sell within the company itself the logic and commonsense of urging employees to double or triple up.

So, we're working hand in hand with the private sector. I think we've got as good a program as exists anywhere in the country in this public-private partnership.

Mr. ROYER. That concludes my questioning at this point, Mr. Chairman.

Mr. MINETA. Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman. I appreciate very much being permitted to sit in on these very important hearings. And I congratulate you, Mr. Chairman, and the members of this important subcommittee and of course your excellent staff, on the work you are doing here.

I can't think of anything in our domestic life today that is more important than the subject of these hearings.

And I also think that your testimony, Mr. Premo, has been very useful. In this key area of America we have many of the same problems you have in the Los Angeles basin. And in the last few years it has been a deteriorating situation.

If you drive around here you find the same situation that you find in Los Angeles, at 4 or 5 o'clock in the afternoon cars bumper to bumper, most of the time with one person in them.

And I was shocked the other afternoon to see that Americans—American families—spend 15 percent of their income on their automobile. And 10 percent of our GNP goes into the automobile.

So I am very anxious to hear not only what Mr. Schreiber has to say about his subject, which seems to me of key importance, especially as an interim program, but I am very interested in what you are doing and the subcommittee is doing.

And, again, thank you, Mr. Chairman, for permitting me to be here.

Mr. **Mineta**. Thank you very much, Mr. Edwards.

Mr. **Royer**. Mr. Chairman, I have one question by way of follow-up.

Mr. **Mineta**. Surely.

Mr. **Royer**. I note that your ridership has gone up substantially. What is the cost of a ride today compared to the earlier lower ridership?

Have there been any studies or estimates that you could give to indicate what has happened to the cost per rider?

Mr. **Premo**. Yes. We have some of that information. We would like to give you the details and chart it over the last few years.

The costs per ride for the transit operator have shot up dramatically in the last year. Fuel costs for public transit have nearly doubled in the last 8 months. Insurance costs have doubled. Workers compensation costs have doubled. All of these in the last year.

So we are finding transit operators facing tremendous problems as they look at their own budgets. We sit around in our county and we say, "My God, we've got a transit system that's gone from a base of about $220 million to $450 million. And just to keep doing what we were doing a year ago we've had an increase of about 11 or 12 percent. It's frightening.

And that's where the gap between appropriations and authorizations really hits us in the gut. Because of the gap between appropriations and authorizations this year, we had to add an extra nickel to our fare.

And really, there is not much that any of us can do to control fuel costs. We're working hard in our area on some legislation in the workers compensation area. And the transit industry nationally is trying to deal with the insurance dilemma that we face.

Mr. **Royer**. I am just wondering, though, hasn't the increased ridership offset some of that?

Mr. **Premo**. It has offset some of it. We do have a higher fare, but it is not commensurate with higher operating costs that we are experiencing.

Mr. **Royer**. Thank you, Mr. Chairman.

Mr. **Mineta**. We have had some comments at these hearings to the effect that UMTA often asks for studies simply in lieu of making a real yes or no decision.

There is the experience here in Santa Clara County in their light rail corridor compared to, let's say, San Diego. San Diego decided they would fund it on their own and not go with UMTA funding, and now they are turning dirt.

On the other hand, we have also had testimony emphasizing the importance of coordinated planning so that we do get the most out of our capital investments.

Because of your own experience, having been with UMTA and at the other end of the pipeline, how much of this planning and studying that is being put on local government by UMTA is accomplishing necessary coordination? And how much of it is just paper shuffling to keep the applicants in a holding pattern pending the availability of funds?

Mr. **Premo**. I think that the new Secretary of Transportation will have to answer that. Secretary Goldschmidt is addressing this very question. I think he feels that many of the planning requirements are directed at the holding pattern approach.

I happen to believe that the alternatives analysis requirement is eminently logical. It seems to me that if we at the local level are going to be seeking hundreds of millions of dollars from the Federal Government that we owe it to ourselves and to everybody to take a careful look at what our options really are.

Oftentimes it is a lot easier to expend tens or hundreds of millions of dollars than to maybe put a squeeze on the autos in some of our urban areas.

And I think the philosophy behind UMTA's planning requirements remains truly valid. It is a philosophy I just tried to espouse. I think the dilemma is in implementing that policy.

And we've seen some stretching out of the planning process. I think Los Angeles has experienced it. I can't speak for the situation here in this county, but I sense in Los Angeles it has been stretched out.

But in the last year I don't think we in Los Angeles have any arguments with the UMTA planning requirements and policies. UMTA has agreed with us, printed our environmental impact statement, we've held our hearings and we're at the point of decision.

Mr. **Mineta**. The Santa Clara County experience was something like $3 million and 7 years later and they still are not any closer to the objective of having RFP's go out on that corridor.

Mr. **Premo**. When Secretary Goldschmidt and UMTA administrator Ted Lutz were at our Commission meeting in October, the Secretary, recounting some of his frustration with dealing with the Feds when he was Mayor of Portland, said something like the following: "Let's wrap up the planning, let's make our judgments as to whether these things matter or don't, if they are good buys or bad buys. Let's not stretch out the planning process. Let's call it as we see it."

"If we don't have the money, let's say we think it would be good to do but we don't have the money."

The fact is the money is not there. So I would think that a response UMTA might give this community is, hey, it either makes sense from our point of view or it doesn't. But they surely have to say there's no money because there is no money in the till right now for new starts.

Mr. **Mineta**. What about letters of no prejudice or letters of intent? Would they be helpful tools in proceeding without delay from a processing viewpoint to the ultimate goal in a given project.

Mr. **Premo**. The Members of Congress, and certainly the Appropriations Committee members, ordinarily don't like letters of intent when there's no money available at the Federal level.

Locally, it's a good way to get our claws into the system. But I don't think anybody would really get going locally on a letter of no prejudice without presuming somewhere deep within him that that gave him a leg up and would influence the process and put a squeeze on you to authorize and then to appropriate funds to honor those letters of no prejudice or letters of intent.

I believe Congress in its last piece of legislation in 1978 expressed concern about some of the commitments that had previously been made and indicated that it wanted sign-off authority on any letters of intent that might be issued by UMTA, so as to preclude overcommitment when the money hadn't been made available.

I don't see how we can keep planning. I don't know why you should authorize or appropriate money to UMTA for major planning efforts it there's no money in the till to implement any of that.

And the way to address it, I believe, is either to have a new start 10-year authorization or not. And if we are not going to ante up the money to build any of these things, then we ought to forget about all the planning and all the agony and effort that goes into it and just say we just don't have the money, folks. Let's make do with what we've got for 5 years, or 10 years, or whatever.

Mr. MINETA. Your commission is a little different in that you have both highway and transit responsibilities. From a metropolitan planning organzation perspective would you state the relationship between the Los Angeles County Transportation Commission and the Southern California Assocation of Governments?

Mr. PREMO. Our Association of Governments handles MPO responsibilities under the A-95 process. It is the agency where elected officials can come together from the six counties in Southern California, that spread from our border with Arizona to the ocean, from Mexico to halfway up the State.

We've got about 12 or 13 million people in those six counties. The major areas that agency deals with are air quality and energy and housing and water and air pollution and airports that are Southern Californian in nature.

Our county transportation commission deals with one portion of that overall planning process, transportation, specifically programing and setting priorities for highways and transit within currently available and likely to be available funding.

So, we are a programming agency, setting priorities for Los Angeles County. SCAG is doing comprehensive planning throughout Southern California.

We think we've got a pretty good relationship. It's a little bit like th ABAG-MTC arrangement here in the bay area, although MTC and ABAG are coterminous.

What we've got is commissions in four of the counties within the SCAG area to deal with the political-practical realities of dishing out money to programming, as opposed to some of the longer range planning done by SCAG.

The legislature felt that we had to have more involvement directly by elected officials in making those key trade-offs. And that is one of the reasons why they set up the four commissions.

We do, I think, have a pretty good relationship with SCAG. We have a memorandum of understanding with SCAG and have generally avoided any disputes in the 3 years we've been in existence.

Mr. MINETA. Because you do have both transit and highway responsibilities, I am wondering if you could comment on whether there remains a transit disincentive in the interstate transfer mechanism?

One point which comes to mind, of course, is the 80-20 split versus the 90-10.

In Atlanta, for instance, it was mentioned there that interstate widening projects cannot be transferred to transit. I wonder if you could comment on these kinds of problems?

Mr. PREMO. There is no doubt that there is a disincentive in the 80-20 split versus 90-10.

So any difference in share is a disadvantage from a transit point of view. So I think equaling the share would be an action that could be taken that would facilitate some greater equity.

I might note one item—when you raised the question of interstates—that has surfaced. It is not any policy position at this time in our county, but it does relate to the functions of your committee.

Some of us have argued that we should be building rail transit instead of bus and carpool lanes as part of our interstate highway, specifically our Century Freeway.

Right now we can use interstate trust fund moneys to build bus and carpool lanes, and they are designed to be convertible to rail. But we can't use the interstate money in the median of the new highway to build rail to begin with.

And some have questioned why that is, if in fact rail would make more sense originally. Might not we be able to use that which would have been spent to build bus and carpool lanes and use that instead to build rail initially.

To the extent that there is any issue with interstate funds and transit in our county, that might be the issue.

Mr. MINETA. We heard yesterday about all these cookie jars of money. Suppose we were to go to one surface transportation fund and get away from all these categorical transportation assistance pots, would that be of any help?

Mr. PREMO. Well, within the highway program—I am sure Director Gianturco spoke about 22 or so pots of funds the State deals with—I think the only major discretionary program that now exists is the UMTA grant program.

I would hope that we would not eliminate that program and turn everything into formulas. Because major transit needs in selected areas are such that we have got to have a discretionary program or else we can forget about rapid transit here, or in Los Angeles, or everywhere else.

I think that a consolidation of highway programs makes some sense. And I think that we've got a pretty good fix on the transit program. I don't think the cookie jar issue is bothering us at all in the public transit area. It's mostly in the highway area.

Mr. MINETA. You referred to a 2-percent increase in ridership. And I am wondering was that attained through new buses? Or what kind of thing has worked to bring that about?

Mr. PREMO. I think there was a 20-percent increase in the last year.

Mr. MINETA. A 20-percent increase?

Mr. PREMO. We're up all through the day. Our buses are at crush loads in peak hours. And our ridership, interestingly, is up significantly in the offpeak.

I think what's happening, is those who were taking discretionary trips, older people, shoppers, and the like, who in some instances previously were riding in rush hour, are delaying their trips. They are riding at offpeak time because the buses are so crowded at peak times.

Mr. **Mineta**. Is that incentive there because of a difference in the fare level structure for seniors in offpeak hours?

Mr. **Premo**. The incentive is there because they can't get on the bus. It's too crowded during peak hours.

Mr. **Mineta**. The fare level is what?

Mr. **Premo**. The fare level now is 55 cents. I think we're showing that fares are a little less critical right now, the price of gas having doubled in the last year.

I think the real issue is dependability and quality of transit service and less an issue of fares.

Mr. **Mineta**. You have had this recent increase in fares and that hasn't plateaued the ridership? The ridership seems to be increasing?

Mr. **Premo**. Correct. Yes.

Mr. **Mineta**. So, as you indicated, price isn't the elasticity factor as far as ridership is concerned?

Mr. **Premo**. I would be wrong, though, if I didn't acknowledge that this is not an easy burden for those who are principal transit users. You know, it's a squeeze—a dime increase from 45 to 55 cents. And a lot of lower income people who patronize the transit systems are feeling that squeeze.

But they don't have any other way to get around and transit still at 55 cents is a pretty good bargain.

Mr. **Mineta**. And for the Southern California Rapid Transit District, that 55 cent fare now represents what percentage of its operating costs?

Mr. **Premo**. About 40 percent. We were at about 46 percent and we're now at about 42 percent. We're about the highest in California.

Mr. **Royer**. Mr. Chairman, I have one other question. Do you have any figures on what your transit dependent population actually is in comparison to your overall population?

I know in our country, for example, I think we have a population of about 580,000 and we are talking about 80,000 to 100,000 actual transit dependents. They have no other form of transportation. I am wondering if you have any comparative figures?

Mr. **Premo**. We have 7 million in our county, about 2.2 million either don't have driver's licenses or are above 65 or under 16. So, we've got over 2 million people.

Mr. **Royer**. Of your 7 million?

Mr. **Premo**. Of the seven. And I would hasten to add that this is going to be controversial in the 1980 census. We have some estimates that as many as 700,000 people aren't counted in that 7 million in Los Angeles County. As you can appreciate, it is imposing a tremendous burden from a health care point of view and others.

Mr. **Mineta**. Mr. Edwards?

Mr. **Edwards**. No questions, Mr. Chairman.

Mr. **Mineta**. Mr. Krouse?

Mr. **Krouse**. No questions.

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Mr. **Mineta**. Mr. Premo, again, because of your own background as well as the work of the Los Angeles commission, I really do appreciate your taking the time to come up here.

I think we have a lot to learn from the experiences of both you personally and the Los Angeles commission. You have been a leader in this area for a long time. And I know from a committee perspective, we appreciate your further enlightenment.

Thank you very, very much.

Mr. **Premo**. My pleasure. If I may add a personal note, and reflect back. When I worked for UMTA, the first business trip I took was to Palo Alto to see what could be done about a couple of buses in that community.

And it is encouraging to see the tremendous improvement that Santa Clara County has made in its transit system here in the last few years. It is a far cry from years ago when you were thinking about creating a transit district, and faced the whole ballot question, and the like.

So it is good to come back to a community that has made this kind of progress. Thank you again.

Mr. **Mineta**. Thank you very much, Mr. Premo.

At this time I would like to have Mr. Arthur A. Schreiber, president of Commuter Computer, come forward.

The reputation of Mr. Schreiber and Commuter Computer is well known.

We are pleased to have you here today. In our hearings in Atlanta and so far here at San Jose we have heard from the various transit operating properties that one of the quick ways to get relief not only for the transit system, but to achieve energy-saving mobility, is through ridesharing programs.

Mr. Schreiber, as the person who heads up one of the most successful ridesharing efforts in the country, we appreciate your being here.

Proceed in your own fashion.

TESTIMONY OF ARTHUR A. SCHREIBER, PRESIDENT, COMMUTER COMPUTER

Mr. **Schreiber**. Thank you very much, Mr. Chairman and members of the committee.

My name is Arthur A. Schreiber, and I am president and chief executive officer of Commuter Transportation Services, Inc., known as Commuter Computer.

I am honored that you invited me here today because 6 years ago when I had the idea to form Commuter Computer, there weren't very many people who felt that there was a need for it. People didn't want anything to do with this man who had this crazy idea of forming an organization whose name nobody could pronounce.

I now look back on the 6 years and I am glad that we have Commuter Computer in southern California. From the interest around the Nation, there are going to be a lot more Commuter Computers available in the future. And there had better be, because as the chairman said—and I very seriously believe—it is the only short-term solution to our energy and economic needs.

With the renewed energy and oil crisis, it is becoming clear that one of the only viable alternatives to help solve the problems faced by commuters in our urban society, and the attendant congestion and pollution, is a combination of ridesharing coupled with mass transit.

Your committee, Mr. Chairman, is giving ridesharing the serious attention it deserves and I would like to point out today that ridesharing has some unique characteristics.

It utilizes existing modes and vehicles. It utilizes existing rights of way. It requires either no construction capital at all, or only limited capital for park'n'ride facilities, turnout, ramp metering, and the like.

It returns money directly back to commuters' pockets in savings on fuel costs and other related commuting costs. It delivers direct environmental benefits of reduced congestion and air pollution.

I have a few suggestions on what can be done to increase ridesharing on a national basis, but first I would like to tell you what Commuter Computer is doing in southern California.

Growing along with the number of cars jammed onto southland freeways at rush hours was the need for a cooperative transportation program to alleviate traffic, save money and fuel, and improve our environment.

Spurred by the Arab oil embargo of 1973, a committed group of government, private industry, and community leaders joined to form Commuter Computer on January 10, 1974. A 15-member board of directors was named.

Currently, Commuter Computer is governed by a 47-member board of directors, with broad representation from the five counties' prominent leaders in business, labor, government, and community organizations. Policy of Commuter Computer is determined by an 11-member executive committee which meets monthly.

The organization has a paid staff of over 70 employees with additional personnel assigned by CalTrans for executive support.

Ridesharing is a home-to-work trip that is shared by two or more people. And this is the very essence of Commuter Computer. The organization's basic goal is to maximize rush-hour vehicle occupancy by placing people in shared rides through carpools, vanpools, buspools, and taxipools.

Commuter Computer represents state-of-the-art for ridersharing programs, implemented on both the individual and the employer level.

Commuter Computer's coordinated ride-matching services are offered free of charge to all employers and individuals in the five counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura.

Special Commuter Computer services to employers include:

Development of complete ridesharing programs for employees interested in alternatives to single-passenger commuting.

Registration of employees for emergency ridesharing.

Providing statistical information required for company compliance with South Coast Air Quality Management District—SCAQMD—emergency air pollution regulations.

Services to individuals include self-help match lists for both emergency and regular carpooling and personalized matching for vanpooling.

Commuter Computer has registered more than half a million people for ridesharing and maintains more than 350,000 in its data base. Our company is working with a total of 1,200 client companies at 1,700 worksites throughout the South Coast Air Basin.

To give you an idea of the spectacular growth that we have witnessed at Commuter Computer, in 1978 we registered 69,000 commuters. In 1979, we registered nearly 300,000 commuters.

Our normal registration at this point in time is approximately 30,000 people a month. This is a growth in 6 years from a few one hundred registrations per month to our current figure.

The success of Commuter Computer's innovations in establishing cooperation between public and private sectors is indicated by the development of organizations throughout the Nation with similar nonprofit structures.

The participation of the private sector has been unique and essential in Commuter Computer's success to date in mobilizing the area's 4.2 million commuters.

The public sector, by supporting Commuter Computer, has provided funding for the development of programs, services, materials, and state-of-the-art systems which enable the implementation of commuter transportation programs at worksites.

The private sector has appropriately recognized and utilized these tools, and has gone beyond them to invest its own resources to make employee ridesharing programs operational.

Such private sector investment may include permanent assignment of employee transportation coordinators at worksites, promotional activities in behalf of employee ridesharing, financial incentives for employee ridesharers, and cash or inkind contributions to support Commuter Computer operations.

The continual expansion of this public/private partnership is crucial if we are to achieve commuter ridesharing on the massive scale required by the Commuter Computer service area.

Participation in ridesharing by individual commuters is encouraged by means of a comprehensive public relations and publicity campaign which includes elements such as press conferences, regular disseminations to the media of significant employer ridesharing efforts, and freeway signs with phone numbers of Commuter Computer branch offices serving the five counties. The signs have been erected throughout the region with the cooperation of CalTrans.

Over 80 percent of the commuters registered with Commuter Computer have been solicited through an intensive employer-oriented marketing program.

Commuter Computer transportation representatives seek out employers and assist them in designing multimodal ridesharing programs that match the community needs of the employee population with existing ridesharing options.

This service to employers assists them in several areas: Personnel shortages and recruitment; morale issues; physical plant constraints, including problems of plant relocation; traffic abatement requirements; and compliance with AQMD regulations requiring formulation of emergency ridesharing plans to be implemented during severe pollution crises.

It should be noted that more than 75 percent of the employee work force to client companies registers for emergency ridesharing.

This broad base anticipates the need for mobilization in times of personal, localized or environmental transportation emergencies.

This system of transportation emergency preparedness has proved itself dramatically, for instance, during the gas crisis of May and June of last year, and then during the prolonged bus strike in Los Angeles during August and September.

Of those employees and individuals registering with Commuter Computer, 10 percent join or form regular carpools using their matchlists. This carpool formation rate doubled during the crisis last summer. Clearly, ridesharing occurs when commuters are informed, motivated and have the necessary tools at hand.

In addition to carpool formation services, Commuter Computer has pioneered the field of "third party" vanpooling. Through a separate corporation, Commuter Computer Vanpool, Inc., Commuter Computer operates a fleet of 135 deluxe commuter vans serving close to 1,000 commuters.

In addition to personalized matching of vanpoolers, a staff is maintained for fleet administration.

In a recent development, CalTrans has designated Commuter Computer to be the marketing agent for the newly implemented California vanpool program. This new concept is a partnership between a governmental agency and a subsididary of the Chrysler Corp. to make commuter vans available to employers throughout the State.

Commuter Computer has placed 16 of these vans in service in just 2 months.

Our statistics show vanpooling serves commuters who perceive a lack of convenient transit service and who travel more than 30 miles to and from work daily.

I would like to point out that in our 130 van fleet the average commute is 72 miles roundtrip daily. Vanpoolers maintain participation in a given vanpool for an average of 20 months, indicating a relatively stable means of commuting.

What are the benefits of Commuter Computer's ridesharing program?

The major beneficiary of our ridesharing efforts is the southern California community itself—with less air pollution generated, fewer gallons of gasoline consumed and fewer parking spaces required. Everyone enjoys a cleaner, healthier environment.

Commuter Computer car and vanpoolers are responsible for reducing over 261 million vehicle miles. This means that 16.2 million gallons of gasoline have already been conserved, 20.2 million pounds of pollutants have been kept out of the air.

And in personal transporation costs, commuters have saved $42 million since Commuter Computer's 1974 founding. And these totals increase geometrically daily. This constitutes a tremendous return on the investment of public dollars. Since 1974, total public investment in Commuter Computer has been under $6 million.

As part of an effort to be responsive to private and public carriers throughout the five-county region who have expressed a need for marketing support to generate ridesharing, Commuter Computer is providing a commuter referral service to the private bus carriers and is examining opportunities for commuter taxi service in high-density employment areas.

In addition, Commuter Computer is testing new methods of home-end matching and is demonstrating various pricing strategies and produce configuration for commuter vans.

The ridesharing industry has evolved from simple provision of a list of individuals sharing commute characteristics, such as commuting route and work hours, to involvement in the total process of rideshare formation.

By adding personal followup and creating a structure within worksites to foster the formation process, we can increase the rate of ridesharing by more than 100 percent.

Commuter Computer has recently been awarded a U.S. DOT national ridesharing demonstration project grant to test the feasibility of implementing such a followup program at targeted worksites.

This program will provide invaluable planning feedback on actual cost-ridesharing formation ratios, as well as creating for the participating employers a totally comprehensive alternative transportation program tailored to employee needs and transit mode availability in a controlled demonstration situation.

Another recent development has been the concept of recreational ridesharing. Commuter Computer has been designated by CalTrans to design and implement a ridesharing program serving the 1 million skiers of southern California in their trips to the ski areas of the eastern Sierras.

From a statewide and national perspective, this project will provide more efficient use of the existing highway system. It will contribute to the maintenance of a high-quality environment in one of the major recreational areas of the Nation and it will help conserve essential fuel supplies.

The project will demonstrate California's leadership in developing new ways to cope with reduced fuel availability and increased energy costs, without sacrificing our quality of life.

Getting to where we are in just 6 years has required the foresight and continuous support of public sector entities such as CalTrans, the five local counties within Commuter Computer's service area, the local transportation commissions and the regional planning agency, Southern California Association of Governments.

The public dollars made available through these agencies provide the needed funds to allow Commuter Computer to mobilize significant investments by the private sector.

Private investment in ridesharing takes many forms. The most visible are direct donations to Commuter Computer's operations by such corporations as Atlantic Richfield Co., the Automobile Club of Southern California, Jet Propulsion Laboratory, TRW, Security Pacific National Bank, Crocker National Bank, and many, many others.

The bulk of support, however, is continuous in-kind labor and operating expense support supplied by client companies in the process of executing their own ridesharing programs for employees.

Each client company dedicates from $1,000 to $100,000 annually in ridesharing program support. This is just a beginning. Commitment depends and broadens and Commuter Computer's representatives continue their vital work with employers.

The concept of using public dollars to promote private investments is the basis for the crucial public/private partnership in seeking solutions to mutual problems.

The payoff for both public and private investments in Southland ridesharing has been the development of the framework for a do-it-yourself mass movement system.

This network of Commuter Computer's client companies constitutes a low cost people-moving system which utilizes existing capital investment, and which has the additional virtue of being designed primarily by the user of the system.

While ridesharing organizations such as Commuter Computer continue to evolve, it is critical that actions in the legislative arena support ridesharing at several levels.

Our experience with both employers and employees has uncovered the following areas for increased need of legislative action.

One, tax incentives for employers to commit resources either to establish ridesharing programs for employees or to deepen an existing commitment to ridesharing. This should include transportation allowances for ridesharing employees.

Two, tax incentives for individual commuters to rideshare.

Three, establishment of a categorical funding program for ridesharing organizations so that transit programs, highway programs and ridesharing programs can be complimentary rather than competitive.

And, four, creating incentives within government agencies that will provide ridesharing among government employees.

This is the story of what Commuter Computer is and what we are doing. In my opinion, ridesharing is the only short term solution to alleviating this Nation's critical fuel problem as well as keeping our economy strong.

I cannot emphasize enough the importance of the cooperation between the private and public sector in this effort. This is why we must work at the highest levels of government to insure that ridesharing organizations such as ours receive the necessary funding that is required to sell and merchandise this unique concept.

It is imperative that we have strong ridesharing organizations for our economic survival.

Mr. MINETA. Mr. Schreiber, thank you very, very much for your very thorough testimony.

First of all, I would just like to ask, what are taxipools?

Mr. SCHREIBER. Having lived in Washington, D.C., as you gentlemen do, at least part time, you know that you can share a ride in Washington, D.C., and it has always been so.

In Los Angeles that was not true until recent legislation changed it. And it really came about through our working with the taxi industry and vice versa, and working with the other local entities.

I believe this is going to work on a very short commute, 5 miles or less in very high density areas such as the Century City area in Los Angeles, if you are familiar with that, or the downtown area where a group of people will go by transit to a given location and then need to get to their respective offices.

A taxipool would pick up four or five people and deliver them on a very short commute. They all would share one fare. That is what we refer to as shared taxi. And I believe that there are specialized areas for that kind of service in Los Angeles.

Mr. **Mineta**. During yesterday's hearings, the director of the department of transportation, Adriana Gianturco, and the Santa Clara County Manufacturers Group both indicated that ridesharing incentives were proving more effective than disincentives against single-occupancy automobile use.

Now, does your experience support that view?

Mr. **Schreiber**. Yes. I have always believed that. And everything that we can gather technically through Commuter Computer, I believe, demonstrates that incentives are far better than disincentives.

One of the greatest deterrents to ridesharing is free parking. There is a study that was done by UCLA which indicates that this is a great deterrent to ridesharing.

And one of the great problems we have in Los Angeles is 45,000 county employees who get free parking.

It's pretty difficult to get any incentive to rideshare when they're already getting that kind of an incentive to drive their private automobile. They are being offered, free of charge, a public parking space that is valued on today's market at anywhere from $55 to $75 a month. That's not much of an incentive for them to get into ridesharing.

I think we have to find a way to reallocate those kinds of funds that not only government is earmarking for free parking but the private sector too, and translate it to transportation allowances.

One of the largest financial institutions in Los Angeles is spending today nearly $300,000 a year for free parking for its employees. Now, they finally have come to Commuter Computer and said, "Help us try to design something for our employees that is not going to cost us $300,000. And we'll get our employees out of single-occupancy automobiles."

To answer your question, yes, sir, I believe that we've got to find more and more incentives rather than disincentives.

Mr. **Mineta**. Your budget is roughly $2 million. Roughly how much of that goes into a comprehensive public relations campaign?

Mr. **Schreiber**. Approximately $60,000 of that. But I must say that we have had tremendous support from the private sector and the media in Los Angeles in getting our message across, in getting free public service time on radio and television, and through the auto club from the very beginning of our program 6 years ago.

The auto club devotes a certain percentage of—about 20 percent of its paid advertising, gives it to Commuter Computer. So, consequently we're not only in the ghetto times in broadcasting, but we're in prime time—particularly on radio in the morning and afternoon drive, with paid announcements by the auto club on behalf of Commuter Computer.

Mr. **Mineta**. Let me ask you, you say you register about 300,000——

Mr. **Schreiber**. Yes, 300,000. It was about 300,000 as of December 1979.

Mr. **Mineta**. These are people that you registered?

Mr. **Schreiber**. Yes.

Mr. MINETA. You say, "Of those employees and individuals registering with Commuter Computer, 10 percent join or form regular carpools using their matchlists."

Mr. SCHREIBER. That's correct.

Mr. MINETA. What about that 10 percent? How do we get that figure higher than that——

Mr. SCHREIBER. You get it higher by convincing management, companies, and governmental agencies, to do more in working with employers and with employees in getting rideshares.

For example, we know definitely that the amount of ridesharing in any given location is directly attributable to how much management commitment there is at the top.

The headquarters of Atlantic Richfield Co. in downtown Los Angeles has approximately 65 percent of its employees in ridesharing. That doesn't happen by accident. It happens because they have a management commitment from the chairman of the board to the president, all the way down.

It is absolutely essential that it takes top management commitment in order to get a large percentage of ridesharers at any given location.

A lot of people say that's a very small number of those who register actually getting into ridesharing. We know that we can increase that by almost 100 percent if we can personalize it.

That's what the demonstration project that we're beginning to do with the Los Angeles Chamber of Commerce and at selected worksites will do. I have no doubt in my mind that we will improve ridesharing by as much as 100 percent at those locations where we can get companies to selected coordinators. We will have full-time people working at a worksite on almost a daily basis working with employees to help them coordinate ridesharing.

If I submit my application to a dating service, they don't just send me three ladies' names and let it go at that. They follow up. They call me up and say, "Mr. Schreiber, we found Helen and Sally and Nancy. And we have called them and they are waiting for your call." And they indeed have done that.

So, When I call Sally, I feel a little better now because Sally has been called by someone else and so on—the call has been set up for me.

We have got to do that with ridesharing. And when we do it in ridesharing, we increase ridesharing.

When I send you a cold matchlist of 5 names or 25 names, you have a tendency never to use that. Sixty percent of the people that get matchlists never touch them, never look at them.

This is why this business is very labor intensive. If I had the wherewithal to have people follow up and meet with a group of people on that matchlist at your common worksite, even over a cup of coffee in the cafeteria, you are now around each other, you start talking, I could increase ridesharing 100 percent.

Mr. MINETA. What other kinds of problems are there, say regarding automobile liability insurance? What about these other kinds of hassles?

Mr. SCHREIBER. Yes, there are a lot of sociological-psychological problems. Some people just do not like riding with other people.

Smoking becomes a problem in carpools and vanpools. People don't want smoking. Others want a lot of smoking. Others want to use radios or stereos. All of these become problems.

But what we have discovered is that once we can get people together and try ridesharing, they have a tendency to stay with it. This is particularly true in vanpooling. Once you can get a vanpool formed and keep it in operation for a month, the average vanpool lasts about 20 months.

And people who are in vanpooling—all of the studies that I have seen across the country as well as our own have shown that people really enjoy the conveniences and the cost savings in vanpooling.

But it takes a lot of work by not only organizations such as ours, but by the employer himself.

Mr. **Mineta**. Mr. Schreiber, you indicated that you have 135 vans in your fleet. Does Commuter Computer own them and then turn around and lease them?

Mr. **Schreiber**. We lease them from a lessor and we maintain the fleet in operation, operate it, and collect the fairs from the individuals. We select the driver and we're the third party in the operation.

When we started out, we pioneered third-party operations. If we were doing it again today, we would do what they're doing in the bay area here.

Rides for bay area commuters, in my opinion, is one of the finest vanpool operations going in the country today. I think they will tell you they've learned an awful lot from Commuter Computer.

For example, they put far more responsibility on the driver-coordinator. They do not try to maintain the vehicle. That's up to the driver. The driver collects the fares. The driver does all of that.

I think the kind of vanpooling that is obviously the most successful is where the driver-coordinator has most of the responsibility. There is a variable fare, which means the more people you have in a vehicle, the less cost it is for everybody.

We are discovering that you may have a group of seven individuals who do not want to put any more than seven people in a 12-passenger van. They prefer being a family of 7 rather than a family of 12.

I think they ought to be allowed to do that, but I think they ought to pay for it, rather than having all 7 paying the same amount whether there were 7 or 12. They have to pay accordingly. You divide all the costs of the vehicle and the operations, the lease payments, et cetera, into the number of paying passengers.

Some people who may want a luxury ride and have more space, these people should pay more for this type of convenience.

Mr. **Mineta**. Say I'm the driver of the vanpool. Am I allowed to use it on vacations or weekend trips?

Mr. **Schreiber**. Yes. And various vanpool operations operate a little differently. For example, we allow 500 personal miles a month. We do not allow the van to be taken on more than a 100-mile radius from where it is garaged.

For example, you couldn't go to Tahoe for the weekend from Los Angeles. You couldn't go to Vegas for the weekend. But you could go to the beach. In the Los Angeles area you could take your friends to the baseball game.

Some vanpools have an unlimited amount of personal miles. Some don't charge for the personal miles. Others charge a certain cost per mile.

But most vanpool operations that I am familiar with all allow the driver to use the vehicle for personal use at nights and weekends.

Mr. MINETA. The problem of liability insurance, have you done anything specifically about trying to resolve it?

Mr. SCHREIBER. Yes. One of the reasons that our vanpool program is so expensive is that our board of directors and two banks guarantee the leases on our vehicles, and the lessor himself, requires $10 million single limit liability.

Insurance carriers have charged us considerable for that. When we first started out, the cost was about $97 per month per vehicle. That was 4 years ago. After 1 year of operation and no personal injury, the carrier upped it 46 percent to $147 a month. And we couldn't get anybody else to bid. There was one company that wouldn't even underwrite us.

Through Mayor Bradley's efforts and other people in Los Angeles, we then managed to get two companies to bid. And Travelers Insurance Co. won the bid and came back down to $104. This is all on $10 million single limit liability.

Last year it was $97. And we're now down to $75 with a new carrier, Firemen's Fund. We've had an excellent record.

Vanpooling across the country has had an excellent safety record. And now that there's been some statistics developed, I think more companies are willing to underwrite vanpool insurance.

Many experts across the country feel we carry too much liability. You know, you get into an argument about how much is too much.

Regardless of that, most vanpool operations in the country do carry far less than what we carry. The State program, for example, is now at about $1.5 million per vehicle.

If we are going to get insurance rates down, it is still an area that needs to be worked on—given the kind of safety record that we have in vanpooling.

Mr. MINETA. Mr. Royer?

Mr. ROYER. Mr. Schreiber, could you tell me a little bit more about the planning grant that I think was mentioned earlier—or study that is about to take place?

Mr. SCHREIBER. From the Department of Transportation?

Mr. ROYER. Yes.

Mr. SCHREIBER. It is referred to as a national ridesharing demonstration project. When we applied for the grant, we put together an idea that we would work in cooperation with the Los Angeles area Chamber of Commerce. We would make a selection of several worksites whereby we would do this personalize ridesharing as I referred to earlier.

We feel very confident it works. And we wanted to be able to have some history to show to other employers, how they can increase ridesharing by this kind of concentrated effort at the worksite.

Mr. ROYER. How closely do you work with the transit operators themselves? It seems to me that working together with industry, with employers, the transit operators, and so on, would be essential. Is that an ingredient that is part of your operation?

Mr. Schreiber. Yes. It has not been without its problems, but we do work with the transit operators. For a long time we were ignored and I understand that. Let's face it, 6 years ago I could have gotten arrested talking about ridesharing.

Today, more and more people are interested, including the transit operators. I'm not putting them down. They looked at a little piddling organization and they look at it today. My budget compared to a transit operator's is nothing.

And so, you know, you have a tendency not to pay much attention to someone when you're that small.

Mr. Royer. Are you saying then that there is not a great amount of communication between your operation and the transit operators within your area?

Mr. Schreiber. There's more with the Orange County Transit District because we had entered into a joint marketing program with them.

With the Los Angeles Transit District, the SCRTD, we have marvelous cooperation and a good working relationship. One of their staff members is on our board of directors.

But, they have their job to do and we were out trying to stimulate ridesharing. And now, as we're getting more and more knowledgeable about how to generate ridesharing at given employer's sites, we can go to a transit operator and say, hey, we identified this number of people. I think there's a need for a bus or additional transit service in that area.

It isn't a matter that they haven't been willing to cooperate. It is just a matter that I think it's taken us that long to really get together because of the nature of what we've been doing.

Mr. Royer. You have mentioned vanpooling quite a bit. But isn't the greatest part of your success with carpooling?

Mr. Schreiber. Yes. Vanpooling is very glamorous and has received a lot of publicity across the Nation. But in my opinion the bread and butter is with carpooling.

The capital investment is there. It is the easiest to get started. It's the easiest to form. And I believe that carpooling is the bread and butter of ridesharing.

Mr. Royer. All right. Using the figures that you have given us—it appears there is a savings of, what was it, $42 or $46 million versus a cost of $6 million?

Mr. Schreiber. Yes.

Mr. Royer. If I understand correctly, you indicated earlier that you are nonprofit?

Mr. Schreiber. That's true.

Mr. Royer. Doesn't that indicate that maybe this might be viable for a profit-making organization?

Mr. Schreiber. Well, Congressman, I have thought long and hard about figuring out a way that could make it profitable because I'd like to have done that.

I don't see how we can do it, for this reason. When we first formed Commuter Computer, we thought about charging people 50 cents to register with Commuter Computer. And we would go to employers and charge them 50 cents for an employee. If they had 10,000 employees we're going to get $5,000.

My fear is that we're going to have big gaps of people not participating, both employers and people. And the success of ridesharing is getting a large data base.

I'm not saying that there isn't a way to make it profitable. I just haven't figured out a way. But I think hopefully some day down the road somebody more creative than I would be able to figure out a way.

Mr. **Royer**. Are there other nonprofit groups such as yours that are operating within the State?

Mr. **Schreiber**. Yes. The Rides for Bay Area Commuters is private, nonprofit. I'm not sure whether there's any others.

Mr. **Royer**. How is the program coordinated with CalTrans? I do see the CalTrans signs all over the highways that indicate the numbers that you can call.

Mr. **Schreiber**. Over half of our funding comes from CalTrans. We work very closely with them.

Mr. **Royer**. What percentage was that again?

Mr. **Schreiber**. Over half of our funding comes from them directly.

In my opinion, one of the things that we really need to move toward in ridesharing is that no one organization, such as CalTrans or any agency, would control the funding to that extent.

I would like to see everybody contribute to a centralized fund. That way one agency is not controlling the nonprofit corporation.

Mr. **Royer**. Are you also working closely with the counties and the different public employee groups?

Mr. **Schreiber**. Yes. We haven't been very successful, I might add, in getting public employees and governmental bodies in Los Angeles to participate in our program.

For example, in our 6 years of existence, just last summer we finally got Los Angeles county employees registered. The same with the city employees.

We don't really have a lot of ridesharing going, in my opinion, with any governmental employee groups that we could have.

The redtape is incredible. Coming out of the private sector, I have been appalled with redtape. One of the most incredible stories—and when I go back to the news business some day I've got to write the story—is just getting the Federal, State and city employees to carpool. No one wants to let them park in each other's parking lot. The State doesn't want a city employee riding in their carpool if they are going to park in the State lot. And vice versa.

It's incredible the kinds of redtape that continues to go on to this day. Despite all of this, we have had great cooperation from all governmental agencies in the Los Angeles Area. But there's still nothing really being done with ridesharing.

Mr. **Royer**. Let me ask you one other question I have and then I will conclude. Do not most of the public agencies—counties, cities, et cetera—have a parking shortage to start with? Wouldn't tying in a preferential parking incentive do away with some of the concern that you mentioned earlier—the disincentive when public employees are given free parking?

Mr. **Schreiber**. Yes.

Mr. Royer. I know just coming in here today—and no criticism of Santa Clara County intended—I parked quite a ways over there.

Mr. Schreiber. So did I.

Mr. Royer. And so it seems to me that you could tie incentive to it with the preferential parking and work with it.

Mr. Schreiber. Yes. There are efforts being done. In fairness to those who are in charge, and having again come out of the private sector and worked with a labor contract—I know how difficult it is once you have something in a labor contract to change that.

For example, with the employees in Los Angeles County who are organized, they are offered free parking. To change that at this stage is going to take some great creativity.

Mr. Royer. I wouldn't say change that. But I would suggest providing those that carpool with preferential parking. So instead——

Mr. Schreiber. Yes.

Mr. Royer [continuing]. Of parking a mile and a half away, you park in a preferential space.

Mr. Schreiber. That generally is being done, yes.

Mr. Royer. I yield the balance of my time, Mr. Chairman.

Mr. Mineta. Mr. Krouse, do you have any questions?

Mr. Krouse. No.

Mr. Mineta. Mr. Aubry?

Mr. Aubry. No, Mr. Chairman.

Mr. Mineta. Mr. Harrant?

Mr. Harrant. No questions, Mr. Chairman.

Mr. Mineta. Well, Mr. Schreiber, let me again thank you for taking the time to be here. I think this whole area of ridesharing is the one area that we are overlooking. We need to try and encourage other agencies, local agencies or nonprofit groups, to really start looking at ridesharing.

It is the only area, I think, where we are going to have a fast response with little capital outlay, as you have indicated already.

It has been indicated that some transit operators may really not want to get into this because it is really competitive to filling their own buses.

But it seems to me that even the transit operators don't have the reserve capacity in their own fleet operations to forego this kind of opportunity. And it really becomes complementary rather than competitive to their own interests.

Mr. Schreiber. I believe that's true.

Mr. Mineta. And the other thing we have heard is that transit operators ought to be facilitators in putting together ridesharing or carpooling programs, but not operators.

Mr. Schreiber. Yes. Having had experience with a joint marketing program in Orange County with the transit operators, I believe that two companies can't market ridesharing within the same area.

I think somebody ought to market ridesharing and somebody else operate it. You just can't both do it. That's like trying to do something by committee.

It's been my experience in the private sector that when you have an advertising campaign somebody finally has to make a decision. You can't make it by committee.

I would be in favor of the transit operator providing vans, or whatever kind of service, and allow a ridesharing organization, that has expertise and the knowhow, to market the major employers.

One of the critical areas that we have discovered is the private sector much prefers working with Commuter Computer, a private nonprofit organization, than a governmental entity.

And they are very, very concerned about the confidentiality of the data base. I'm only speaking for Southern California, because I only have experience there.

Employers are paranoid and have become more so about confidentiality of data. And they have had good experience working with us in their employee lists. They know we keep those confidential.

But they're absolutely paranoid about allowing those employee lists getting into a governmental agency or a quasi-governmental agency.

Mr. **Mineta**. One other quick point. You got this grant by dealing with whom?

Mr. **Schreiber**. Mr. Premo and the Los Angeles County Transportation Commission.

Mr. **Mineta**. You did not go directly to DOT——

Mr. **Schreiber**. No, we didn't.

Mr. **Mineta**. So, you would endorse his idea that there ought to be a national office of ridesharing of some kind?

Mr. **Schreiber**. Absolutely.

Mr.. **Mineta**. Very well. Thank you very much, Mr. Schreiber. I would like to ask Mr. Premo to come back for 1 minute. I forgot to ask one question and I would like to have him address it.

Given the physical constraints and our inability to really have as many buses or fixed guideway systems or light rail systems as we would like—and the time element it takes to get them in place—that one of the better and cheaper areas where we can get some results is in land use planning—getting the jobs closer to homes and higher density patterns.

To what extent is the Los Angeles County Transportation Commission involved in land use planning?

Mr. **Premo**. We are not doing land use planning directly. But the agencies that make us up, the city of Los Angeles, the individual jurisdictions and the county itself, are doing an awful lot of work in this area.

In our rapid transit work with the city of Los Angeles station, site planning is tied into the city's general plan. We're developing high density residential locations around our proposed rapid transit sites.

It's built into the city's general plan. The rapid transit component is essential in the review and placement of public facilities within the city itself—hospitals, libraries and the like.

The county has debated and now is on the verge of adopting a county general plan that includes a basic rapid transit element for the first time in the history of Los Angeles County.

In downtown, as part of our People Mover project, the city has created a special assessment district through which the private sector is guaranteeing subsidies for 10 years if they are required for our People Mover.

It is the first time in the histroy of the country that such a private sector-public partnership has existed on any transit project.

But I think it is not just Government that is at work here. I think the realities and the cost of fuel are causing housing costs closer in to appreciate. Housing usefulness has translated into a lot of people rehabilitating their housing.

The city of Los Angeles Housing Department or Housing Commission is aggressively working on a rehab program. So, they are all interrelated.

What I would like to think is that the elected officials who make up our commission are able to put public transportation, transportation in general, in a broader context. I think that is a really useful characteristic of these transportation commissions. We have the involvement of elected officials who can't possibly make a decision on transit without reflecting on its relation to all the other things that make up the real world.

Mr. **Mineta**. Very well. Thank you very, very much, Mr. Premo.

Mr. **Premo**. May I follow up on one question?

Mr. **Mineta**. Surely.

Mr. **Premo**. I never knew that we had John Alden running our Commuter Computer here. You raised the question about costs and Art said something about his $2 million budget being insignificant.

And it is. We have got a transit budget of all our operators in LA County of close to $300 million a year. And he's got a $2 million budget.

I just did some calculations. You will be approving at least an $11 billion highway-transit program in the next few months.

In my testimony I indicated that UMTA and the Federal Highway Administration have understandable priorities and constituencies. Despite good intentions, neither is championing the ridesharing cause. There is no Federal rideshare advocate.

But anyway, if you were to set up a program of $100 million a year to rideshare, you would be committing less than 1 percent of the budget that you have given to DOT. That could possibly be the most important short-term response to the energy problem that exists.

But it isn't the way we have done business in the past. It is hard for a politician to get excited. You can't cut a ribbon on a carpool. You know what I mean?

But we've reached a point where we don't believe there is any other option. And we hope that you can take from our experience in Los Angeles—take away a feeling that now is the time to do it.

I think $100 million is going to come across as an incredibly high number. We spend a lot more than that each year in FHWA's planning budget. We've got a $60–$70 million planning budget. Planning.

We are not talking about planning. We are talking about affecting enormously the use of fuel. And going back to the charge of this committee, the opportunity to maintain mobility in an energy-shortage and fiscal-shortage era.

It's the American way. It's private sector money. So I hope that you can bring it back and the staff can bring it back. I know there are a lot of people who say that Government shouldn't be involved in this, period.

I've reached the point of not only disagreeing with that, but strongly advocating that 1 percent approach.

Mr. **Royer**. Mr. Chairman, could I just follow up on that?

Mr. **Mineta**. Of course, Mr. Royer.

Mr. **Royer**. Are you saying that you don't have the flexibility within your own budget to set this as one of your priorities?

Mr. **Premo**. We took the operating budget of our commission and pledged 15 percent of it to Commuter Computer.

We are financially, to the tune of a hundred grand, a partner in this national rideshare demonstration grant. And we are getting $150,000 from the Feds and we'll put about $300,000 in at the local level.

Mr. **Royer**. But what I am saying is, would it not be feasible for the operators to do just what you are doing on a local level, rather than from the national standpoint?

Mr. **Premo**. The Transportation Development Act, TDA funds, 325 funds here in California cannot be used for Commuter Computer kinds of things.

We are working with the assembly, the chairman of the transportation committee, to consider an amendment this year to allow a greater flexibility in the use of TDA funds.

The transit operators will moan and groan. But another million into an outfit like Art's is going to, we think, have a limited impact on transit but a significant impact on mobility.

Mr. **Royer**. It just seems to me, Mr. Chairman, that the more flexibility that you can give the transit operators, the better chance you have of making it work.

I can see this program being very effective if it is done locally. But I am not too sure that Federal direction or additional Federal involvement is necessarily the answer.

And I guess I am also a little leary of more studies. It seems to me that the monies could be better spent on implementation of programs versus more studies.

They seem to somehow end up on a shelf someplace. I just have to question that.

Mr. **Premo**. Well, 150 grand is not for a study. It is not a study. It's to implement this private sector involvement. So we aren't using this national rideshare money for studies.

What I was doing was drawing a parallel between the planning budgets of FHWA and of UMTA, on the one hand, and trying to put in some perspective what a $100 million program for implementation of ridesharing would be.

Mr. **Royer**. But you do indicate in your testimony that it is basically a demonstration project, do you not?

Mr. **Premo**. Yes.

Mr. **Royer**. So——

Mr. **Premo**. That's what the Feds called the program. So we will call it a demonstration.

Mr. **Royer**. All right. It seems to me that that is what has been going on in the past 6 years by developing this type of a program. It has either demonstrated that it works or it doesn't.

It seems to me that maybe it is duplication. But nevertheless, I see the merits of the idea. I just question the monies being spent to demonstrate what has already been demonstrated, evidently.

Mr. PREMO. Well, we certainly weren't in a position to not apply.

Mr. ROYER. Well, that is the problem, you know, just because the money happens to be available.

It seems to me that we ought to be looking at the priorities and make sure that we get the job done. That's the concern that I have about the Federal Government becoming involved, rather than the local agencies working it out.

Mr. MINETA. Thank you very much, Mr. Premo.

At this time I would like to call on Mr. Curtis E. Green, the general manager of the San Francisco Municipal Railway.

Mr. Green, if you proceed in your own fashion.

TESTIMONY OF CURTIS E. GREEN, GENERAL MANAGER, SAN FRANCISCO MUNICIPAL RAILWAY, AND CHAIRMAN, REGIONAL TRANSIT ASSOCIATION OF THE BAY AREA

Mr. GREEN. Thank you, and good morning.

Mr. Chairman, honorable members of the committee, ladies and gentlemen, I would like to thank you for extending to me the opportunity to address you today and to welcome you to the beautiful San Francisco Bay area.

I do not think that there is anyone in this room today who will deny that this country is facing one of the greatest—perhaps the greatest—challenges it has faced in this century.

It is a crisis which threatens the very assumptions about this Nation's strength and independence that we have always simply taken for granted.

I refer, of course, to the energy crisis which has engulfed this country, its economy, and its position of international strength, and which has begun to undermine it and drag it down.

Everyone in this room must realize by now that the countries from which we import our oil have used their position as energy sellers to strengthen themselves at the expense of American strength and independence, and at the expense of the American public.

This is no surprise to anyone here, nor is it news to those here today that there appears to be little evidence of concerted and consistent action to remedy this situation.

While the country stands in great peril, we continue to pursue our habitual course of wasteful extravagance as if the last 20 years of world economic and political history had changed nothing, as if oil were still cheap and bountiful, and as if we did not have to think about making changes in our present wasteful way of life in order to insure a reasonable future for our children and their children after them.

We continue as though public transportation were just something for the poor, the carless or other social misfits and not part of a serious national strategy for sound economic growth and a more secure energy future.

I am not going to claim before this body that merely improving public transportation will, of itself, save this country from the dangers which threaten it. Mass transportation alone is no panacea.

More buses in San Francisco do not automatically equate with more peace in the Middle East. But I can say with complete certainty that this country's reckless addiction to overconsumption of energy is an addiction which must be broken if the country as we know it is to survive.

And I can say with equal certainty that, whatever other measures can and must be taken to end this addition, a vast increase in the reliance which this country places on public transportation must be the cornerstone of a national energy policy.

I impress upon you the great importance which must be placed on mass transportation by the United States. I am here to say to the subcommittee today that there is no way to escape the requirement for a great increase in the funding made available by the Federal Government for the capital and operating support of public transportation.

I am sure that all of you gentlemen are familiar with pleas for more money. And I am well aware that every organized group which comes before you has its own agenda for national spending and Federal funding priorities.

I only wish to point out that while public transportation operators nationwide are trying to cope with the deluge of passengers caused by the latest energy shortages, trying to squeeze every last ounce of productivity out of available transit resources, these resources grow shorter very day relative to the job which needs to be done—a job which grows every day and which is, as I have said, essential to the long-term health and well-being of the United States and its people.

I appear before you today in two capacities—one as general manager of the bay area's largest transit system, the San Francisco Municipal Railway, and the other as the chairman of the Regional Transit Association of the bay area.

It is in both capacities, Mr. Chairman, that I am pleased to respond to some of the questions which you raised in your letter to me.

You have asked me how transit's share of trips in urban areas can be increased.

I am proud to say in reply that the transit agencies of the San Francisco Bay area have been carrying increasing loads of passengers throughout the energy crisis this year.

In San Francisco, the Municipal Railway, which already carried half a million revenue passengers each weekday and another 200,000 transfer passengers, has had patronage increases of 11 percent.

Areawide, during the gasoline shortages early last year, transit use increased 19 percent from approximately 875,000 daily trips to over a million daily trips.

People will use public transportation when it is offered as an alternative, there seems to be little doubt about that. Even before gasoline shortages hit, patronage was already climbing on transit systems throughout the bay area—a trend which has only been increased by recent events.

You have mentioned TSM, or the transportation systems management strategies which can be used to increase the usefulness of available transit facilities and resources with little or no additional transit investment.

I can say, Mr. Chairman, that on both a local and regional level such strategies are being pursued vigorously.

In San Francisco, for example, the city has adopted an official "transit first" policy which states that where there is competition for scarce street space between the automobile and public transportation, this conflict is to be resolved in favor of public transportation.

We have begun to implement this policy throughout the city with an aggressive Transit Preferential Streets program. This program has produced a variety of transit rights-of-way, transit-only diamond lanes on city streets, transit vehicle signal preemptions, and other measures designed to give the transit vehicle the edge in making efficient use of street space.

The Municipal Railway's newly adopted 5-year plan is based on increasing patronage by 14 percent, not by expanding the operating fleet by that amount, but more effectively and efficiently using the number of vehicles we have available in meeting the diverse transportation needs of the people of San Francisco.

The use of selective capital investment and the elimination of redundant or competing services so that these resources can be used to meet hitherto unmet needs is the cornerstone of transit policy in San Francisco.

Similarly, in the bay area as a whole, the formation of the Regional Transit Association, of which I have the honor this year of being chairman, shows a determination among the diverse transit operators from San Jose to Santa Rosa to work together to make more of our mutual resources.

The RTA has been formed voluntarily by the bay area's six major transit operators—the Municipal Railway, BART, AC Transit, SamTrans, Santa Clara County Transit, and Golden Gate Transit—to improve coordination and to make more of what we have.

But there can be no mistaking the need, Mr. Chairman, for a vastly increased scale of Federal assistance both for capital and operating purposes.

TSM strategies are essential for effective use of the public's transit investment. It is our duty to make the public transit dollar go as far as it can by every available means.

But it is simply not going to be enough to put our additional needs down to TSM and ignore the facts of the enormous shortfalls which the major transit operators of the bay area are facing.

And it will be vitally necessary for the bay area in the future to receive Federal transit funding more in line with the efforts it has made on its own to create a good transit network. Let me give you a few examples.

In our three-county core area—San Francisco, Alameda and Contra Costa Counties—the capital funding required to maintain and modernize the existing BART, Muni and AC Transit systems—not to enlarge them so that they can carry significantly increased passenger loads, but merely to maintain and update what we have now—would be $65 to $70 million annually.

Current estimates made by the Metropolitan Transportation Commission are that, based on current Federal authorizations, we can expect Federal assistance in the order of $25 to $30 million annually, or about one-third of the aforeseen need.

Again, this is just to keep the present systems and their capacities from deteriorating. Let us look at this same problem in another way, in terms just of the money needed to fund regional bus purchases.

The establishment of section 5 formula funding for bus purchases was based on the premise that there should be a regular, continuing source of funds for but purchases to replace those that wear out, and to provide for moderate system expansion.

This is fine in theory, but unfortunately the funds provided have not been matched to the need. The present regional TIP—Transportation Improvement Program—lists $150 million for the purchase of buses and related equipment over the next 5 years.

Optimistic projections from MTC, however, indicate that only $70 to $80 million will be available over that period. In other words, at a time of unparalleled national energy crisis, we have available to us for bus purchases about $1 for every $2 of actual need.

Over one-third of our 2,600 or 2,700 buses are more than 10 years old. They cannot and will not last indefinitely.

The thrust of national policy, at least rhetorically, appears to call for a greater use of public transportation. But the national funding available to us is simply not equal to the demands which will be placed on the bay area's transit systems.

Again, in the matter of operations, it appears that the bay area's three major operating systems face a major operating shortfall.

Even to maintain the existing services in the three-county core area, assuming that we have a one-third recovery of expenses from the fare box and success in maintaining our 5½-percent labor settlement policy, we face major funding problems.

And if, in accordance with the national need I have discussed earlier, the three largest bay area systems expand in order to meet increased passenger demand, the additional annual operating shortfall by 1983-84 will reach $14 million annually.

I would point out that all UMTA section 5 operating assistance now available to these operators—tiers 1, 2 and 3—totals $28 million annually. In other words, in order to meet the needs of the energy crisis which faces us, we should be looking to an increase in Federal operating assistance on the order of 50 percent.

The people of San Francisco Bay area have consistently shown their support for public transportation over the years. The San Francisco Municipal Railway, of which I am proud to say I am the general manager, was the first publicly owned and operated transit system in the United States.

The modernization of the Muni and the construction of BART were committed by the people of the region before Federal funds ever became available for transit purposes.

The bay area annually invests some $500 million in public transportation. Of this, only 14 percent comes from the Federal Government.

We are not looking for a free ride at Uncle Sam's expense. We have taken vigorous steps to improve all our systems and to expand the capabilities of public transit both independently and under the aegis of the Metropolitan Transportation Commission.

Throughout the bay area, additional plans and programs have been undertaken—extensions to BART and Muni Metro, the improvement of the Southern Pacific Peninsual passenger train service, proposed light rail development in Santa Clara County, and major bus expansion throughout the region.

Our commitment has been great and continues to be. But our unmet needs, particularly at this time, are also great. With 5 percent of the Nation's transit ridership, the bay area is now receiving only about 2 percent of the national capital funding available for transit.

We know that the others of this country's great metropolitan regions also have unmet funding needs. And I am not so unrealistic as to believe that the bay area can have all that it wants at the expense of other parts of the country.

We cannot escape the conclusion that there is a vital need for a quantum jump in the level of Federal transit funding—as great a departure from the present level as the Interstate Highway system was from a dirt farm road.

The needs are great in the bay area. The needs are great nationwide. As general manager of a local transit system, I can pledge to the Federal Government our consistent and continuing efforts for better productivity and more effective and efficient service.

As chairman of the Regional Transit Association, I can assure you that the bay area's transit systems will work diligently to bring about greater transit coordination and efficiency, more transit product for the public's transit dollar.

But I cannot overstate the need for enlarged Federal funding so that the bay area's transit systems, as well as others from coast to coast, can help this country to solve its critical energy problems.

Thank you.

Mr. MINETA. Mr. Green, thank you very, very much for your fine statement. I would like to ask, first of all, what are the various modes included in your system? You have buses, you have trolleys, you have cable cars. What else do you have?

Mr. GREEN. We have electric trolleys, buses, streetcars, and cable cars.

Mr. MINETA. Streetcars. And the total ridership here is roughly what, half a million?

Mr. GREEN. Half a million passengers a day on every weekday.

Mr. MINETA. Do I understand that you are going to be starting a metro rail connection with the BART system?

What was it we saw a couple of days ago when we were down at your Embarcadero—at the Powell Street station? We saw a new leg there that goes out, I guess to the Twin Peaks area?

Mr. GREEN. Congressman and members of the committee, what has happened in San Francisco is that the people of San Francisco decided that they wanted to preserve their rail network when years ago others were deciding to discontinue theirs.

We have presently five service lines operating in San Francisco, which carry about 35 percent of those half million people every day. We decided to modernize that line and elected to do a light rail system. On Market Street, our main thoroughfare, those lines now operate. The west end of our Twin Peaks tunnel, which we have had for many years, now is a continued subservice operation all the way to the eastern half of San Francisco—its Ferry Building terminal, which means now that we have 8 miles of subservice transit, which means that we will shortly be able to offer to the people of San Francisco a subway system which will cut running times or trip times as much as 40 percent. It will constitute a more reliable system and will for the first time replace an aging streetcar system which goes back to the thirties.

Mr. MINETA. May I ask what the problems are in getting that system started? As I understand it, a date had been set as to when you would start the service. But because of equipment delivery or whatever, there has been some delay?

Mr. GREEN. First let me assure you that the start of the system is imminent. I would say within a month we will have the first leg of the system operating.

Over the years we have had troubles with the manufacturer over our insistance that acceptance of the cars be based on assured reliability and cost effectiveness factors.

The committee may not be aware of the fact that San Francisco and Boston, going back 8 or 9 years, decided to purchase 275 light rail vehicles, with Boston getting the first 175 and Muni getting the last 100.

Obviously, there had been some considerable problems in Boston with the performance of the cars. We are now receiving a car that is four or five generations different from the Boston cars. We are confident that the car that we're accepting is a reliable and dependable car.

Mr. MINETA. What is the situation with the San Francisco cable car system? Is it going to require some major rehabilitation? What kind of work is contemplated there?

Mr. GREEN. We have a cable car system which goes back to the turn of the century, 1890 or so. The system is old. It needs a complete and total rehabilitation.

What has happened in the years since its beginning is that there has been repair after repair after repair until now. Now the time has come to totally rehabilitate it if it is to be the safe reliable system that it has to be in order to meet today's conditions.

The cable cars are of extreme importance to the city of San Francisco. In vote after vote after vote, when the question is posed to them as to whether the cable car system should be shut down or continue, citizens overwhelmingly have determined that that system should continue.

Tourist trade is a major trade in San Francisco, perhaps the most important. And the number one contribution to that tourist trade is the cable car system.

So, it is important financially to San Francisco to continue that system. It is our policy and our intent, following the will of our citizens, that that system be rehabilitated.

Mr. MINETA. You are carrying 500,000 people a day overall. You have two cable car lines, Powell and California, is that correct?

Mr. GREEN. We have three lines.

Mr. MINETA. Three?

Mr. GREEN. Powell and California and Hyde.

Mr. Mineta. And the total mileage of the three lines would amount to what?

Mr. Green. About 8 miles.

Mr. Mineta. That is for the three systems?

Mr. Green. The three lines, yes.

Mr. Mineta. But right now Powell is totally shut down?

Mr. Green. Powell and Hyde are totally shut down. We are only operating California.

Mr. Mineta. And in order to complete this rehabilitation it would cost approximately what?

Mr. Green. $40 million.

Mr. Mineta. The ridership on that 8 miles is what percentage of the 500,000 people a day?

Mr. Green. It constitutes about 10 percent of the total system.

Mr. Mineta. What would be the heaviest used—streetcars, buses, or electric trolleys?

Mr. Green. Buses. Diesel buses carry about 50 percent of our passengers.

Mr. Mineta. What kinds of problems are you having with the replacement of your electric trolleys and your streetcars? Are you cannibalizing the equipment that you have? Is there a U.S. manufacturer available to supply these vehicles? What are you doing to keep them going?

Mr. Green. It's interesting that you should ask that question, Congressman. The people of San Francisco adopted a policy many years ago that they wanted to keep and expand the use of electrical propulsion vehicles because they are cost efficient, because they're energy efficient, and because they have less noise, pollution, and that sort of thing.

We presently have the largest trolley coach fleet in the country. We recently purchased 345 electric trolleys.

And as I said to you, they're cost efficient, energy efficient——

Mr. Mineta. Who was the supplier?

Mr. Green. The supplier was Flyer, a manufacturing firm in Canada. As you know, the Canadians and European transportation firms do use electric trolley propulsion vehicles—in large numbers.

Mr. Mineta. There is a "Buy American" provision in UMTA funding. How do you get around that?

Mr. Green. Well, I don't do——

Mr. Mineta. We tried to eliminate that as a requirement in last year's authorizations, but the amendment failed. I just wondered how you get around that.

Mr. Green. At the time of the purchases—when that contract was let—that provision did not exist. It's a recent piece of legislation.

Mr. Mineta. You say that you had 100 light railcars ordered?

Mr. Green. Yes.

Mr. Mineta. And you say that the operation of that light rail system is imminent?

Mr. Green. Yes, sir.

Mr. Mineta. Do you believe that, as a general principle, transit equipment has become too sophisticated, too complicated, too costly to operate?

Mr. GREEN. Congressman, when there is unneeded kinds of sophistication, of course. But it would not be a very good statement to say that the last previous streetcar development nationally, which was in the 1950's—the Presidential car, which Congress called the PCC—would be a car for the 1990's, or the turn of the century.

I think it is important that the streetcars that we build today look not back in terms of technology, but forward. I think the same comparison can be made to our automobile development—or the other kinds of technological advances that we've made.

I think that transit car builders ought to make use of the kind of advances which are good for transit. So, in spite of the criticism that the best car for transit ought to be the old cars because they worked well then, I don't think is a very sound judgment.

Mr. MINETA. Thank you.

Mr. Royer?

Mr. ROYER. Mr. Green, could we just go back to the financing that you talked a little bit about?

I know that San Francisco has several different sources, and that you started some time ago and didn't use Federal funds for many of your programs.

Do you have a general idea of what the breakdown would be between your local contributions, State and Federal funds? For your transportation program?

Mr. GREEN. Yes, let me say that I have a budget this year of $104 million. $57 million comes from the local level or property taxes. The people of San Francisco decided to tax themselves to pay for their transportation system.

In the years before Federal transit legislation the people of San Francisco approved a bond issue of some $100 million to cover the cost of building new facilities and acquiring transit systems.

Mr. ROYER. Where does the other 50 percent of your budget come from? It wouldn't all come from State and Federal because you have probably some far box moneys.

Mr. GREEN. We make something like 27 percent of our $104 million from the fare box. And the rest is from TDA and other funding sources that we have locally in San Francisco.

Mr. ROYER. What has the fare box done as far as percentages are concerned? Has the fare itself kept up at all with the inflation?

Mr. GREEN. No, it has not. A composite cost of the ride to the passenger is something like 19 cents. The cost of that ride is almost 85 cents. So, you see there is a large gap between income and outgo.

It has been public policy in San Francisco to keep the lowest possible fare so as to make the greatest possible use of transportation.

San Francisco is, as you know, in terms of physical size a very small city—only 49 square miles with about 600,000 people living in that city. More than a third of those people find themselves using our transportation system.

The transportation system is an effective means by which the people get around in that city. More than a million and a half people come into the city—the financial capital; the Queen City—

with all of the adverse environmental conditions that are associated.

We have decided that we are going to expand and build that transportation system and keep the fare as low as possible to encourage people to use it, and therefore make life better for the average citizen.

Mr. Royer. What percent of your population is transit-dependent? Do you have a figure for that? I would think it would be much higher than most areas.

Mr. Green. That is true. We have something like about 38 percent of the people in the city using the system. They cannot pay the cost of owning an automobile, parking an automobile, cannot stand the waste of time used in transporting themselves around the city by automobile.

Mr. Royer. I am trying to think of what San Francisco could do with what Mr. Schreiber's vanpooling and carpooling programs as the answer on a short-term basis.

What could San Francisco do? You don't have that kind of alternative, do you?

Mr. Green. We believe in a balanced transportation system. In saying that, I mean that there is a place for taxicabs, vanpools, carpools, all of the kinds of mechanisms which give people an option to get about their business in a manner that does not encourage the use of the automobile.

What can we do in San Francisco with a peak period that finds us with our buses bulging? We simply cannot have any more people come to us in our peak periods.

We can do something about extending the peak periods. We carry 50 percent of our people in the peak period between 7 o'clock to 9 o'clock in the morning, and 4 o'clock and 6 o'clock in the afternoon, the other 50 percent during the other hours of operation.

The hope for us is somehow spread that peak from, say, 6:30 to maybe 9:30, to encourage people to use our system during the off peak of 9:30 to 3:30, and from 7 o'clock at night to 5:30 or so in the morning.

If we can get those kinds of uses, encourage people to get into those empty seats, that's the greatest contribution we can make.

Other things that we can do is to look at what we consider underutilized lines. For instance, we presently have what we call community lines—service that is a luxury, so to speak, in terms of utilization and the parallel unmet needs that we have from 7 to 9 and 4 to 6.

Mr. Royer. Have you worked at all with industry in order to get more flexible schedules so that your peak times could be greater?

Mr. Green. This problem is important enough that the Mayor of San Francisco decided to chair an organization that would deal with all forms of transportation in San Francisco, the transportation people and goods.

It would involve making maximum use of our very scarce street space. It would involve the coming together of one main body that would, for instance, oversee the use of taxis and that sort of thing—the managing of deliveries and commercial vehicles.

Congestion is the greatest detriment to efficient use of transit in San Francisco. It is the objective of this body to ease the congestion.

Mr. ROYER. Do you think that this committee will be looking to industry to possibly stagger some of the shifts, to expand the——

Mr. GREEN. An important item on the agenda of this committee is inviting industry to participate with us on this level. The truth of the matter is that some of the larger firms in San Francisco are very active in formulating a mechanism to spread the workday.

Mr. ROYER. One last question, and it is a followup to the Chairman's pertaining to the cable cars and the possibility of renovation. I think you did mention the real concern of San Franciscans to keep the cable cars because of tourism. I think that is certainly—from my standpoint of living on the peninsula for some time—something that I would like to see happen.

I am just wondering, though, how much of it we can really justify from a transportation standpoint. Do you have any numbers at all on that?

Mr. GREEN. Let me come at your question this way. Cable cars, going back to their inception, were a form of transportation in San Francisco because of the topography of San Francisco. People living in the hills served by the cable car system had no other means—no other effective means—of being provided the necessary service except by this cable propulsion system.

We have found that the use of buses on those hills merely means the destruction of the bus. We hate to run our buses on those hills because it means that we will shortly have to replace or repair them.

Mr. ROYER. So, what you are saying is that you can justify the need to retain the cable cars just because of the history and the benefit to San Francisco as far as tourism is concerned?

Mr. GREEN. I did not mean to infer that their role benefit—their sole use—was that they are an attraction for tourists.

Even when the tourist season is not with us, and that is only about 3 or 4 months out of the year, San Franciscans use the cable cars as a means of getting from downtown up those hills to the places where they live.

Mr. ROYER. Would you say that a fairly large percentage then of that 10 percent that you mentioned is actually San Francisco people using that for commuting, or is it that the majority of the people are tourists?

Mr. GREEN. Oh, I would have to be honest with you and say that the majority of the people are tourists. But I would say that it's something like 55-45 on an annual basis.

Mr. ROYER. Thank you, Mr. Chairman.

Mr. MINETA. Mr. Krouse?

Mr. KROUSE. Mr. Green, at one point in your statement you make reference to an increase in transit use in your system of 11 percent. Was that over the period of 1979? Or what is the time frame there? You also refer to an areawide increase of 19 percent. Are we comparing the same time frames there?

Mr. GREEN. These figures come from the Metropolitan Transit Commission. It is my feeling the figures I'm talking about trace back to the period of higher gasoline prices beginning about March.

Mr. **Krouse**. This suggests that your increase was a little less than that throughout the rest of the region?

Mr. **Green**. It certainly does. And that's limited by our capacity to expand.

Mr. **Krouse**. I see. You mention a target in your newly adopted 5-year plan of a 14-percent patronage increase.

Is that over the period of the 5 years? Or is that 14 percent annually, for each of the years during the 5 years?

Mr. **Green**. No, we're talking about a 5-year increase.

Let me say something else. One year ago today our plan was to have more equipment and operators on the streets today. We thought that if that happened, that the transit needs of San Francisco would be more than adequately met. But what has happened to us is that while we've done that, this 11-percent increase now finds us in a position where people are standing and waiting, the same as they were last year.

And I just don't know what is going to happen to us if people continue to come to our city at the rate that they are. And there is nothing to indicate to me now that they won't.

And the sad fact of the matter is that if we were to get into the business of buying new pieces of equipment today, if we had the money and all of the authorizations, it would mean 15 to 18 to 24 months before a piece of equipment would become available to us.

So, we have a terrible problem confronting us.

Mr. **Krouse**. Do you have any figures on the model split in San Francisco? What percentage of all trips, personal trips, are by transit?

Mr. **Green**. It's something like about 8 percent of the total trips in the city.

Mr. **Krouse**. Probably higher than in other areas around the city because of the compressed nature of the city?

Mr. **Green**. That's right.

Mr. **Krouse**. Eight percent would be twice as high as other comparable communities in California?

Mr. **Green**. To be sure. If we look at the larger metropolitan areas, it gives you some idea of where we are in terms of transit rides per capita. We rank third behind the large metropolitan areas of New York and Boston.

Mr. **Krouse**. You described a policy decision to maintain low fares in San Francisco. At the same time, you project a substantial operating deficit. You used the figure of $14 million over the next 5-year period.

Aren't you creating a kind of dilemma for yourselves by maintaining a low fare policy and watching the operating deficits grow?

Mr. **Green**. You're very correct. And we are attempting to speak to that. I have proposed a fare increase to the public, our customers and our users. What we're saying is that we have not had a fare increase since 1968–69, and that the gap between income and outgo is fairly wide. We are recommending to double the basic fare from 25 cents to 50 cents. We're saying, though, that the proportionate costs with the increase will be effectively about what they were in 1968–69.

We just simply have to say to our customers, the public, that we only have two choices. We will either get the means to continue and expand the service to the people. Failing that, we will simply have to reduce the service to the people.

Mr. **Krouse**. Is that a flat 25 cent fare for all of the modes—the three modes—that are offered in the system? Is that the way it works?

Mr. **Green**. We have a basic fare today of 25 cents with a Fast Pass discount and a discount to seniors. We are carrying 26 million school kids for a nickel. We are proposing a different rate for the cable cars.

Mr. **Krouse**. Thank you.

Mr. **Mineta**. Mr. Harrant?

Mr. **Harrant**. No questions, Mr. Chairman.

Mr. **Mineta**. Mr. Aubry?

Mr. **Aubry**. No questions.

Mr. **Mineta**. Let me ask just one final question, Mr. Green. I understand that Muni has a major program underway to convert some of the diesel bus lines to electric buses with overhead trolley lines. What is the estimated diesel fuel savings and the resulting cost savings from this conversion to the trolley-overhead system?

Mr. **Green**. In our 5-year plan, certain lines in San Francisco now serviced by diesel coaches are intended to be serviced by electric trolley coaches. Our No. 55 Sacramento Street line, which traverses a tremendous hill, will be one of those lines to be converted.

In order to convert to a trolley line, we must install the overhead lines and we must build a new power distribution plant, so there is an initial capitalization to make these new changes.

In costs of the operation, the most cost efficient of our modes is our trolley lines, or electric trolley overhead buses. Next are streetcars, next are buses, and then our cable cars.

While I am not prepared to say to you in actual specific dollars at this time what the cost of converting that "55" line to electric trolley line will be, on the basis of everything being equal, if we had the capitalization already taken care of, the trolley coach line is far more cost efficient.

Additional to that is the fact that they last longer. We have had a 25-year life on our last two sets of trolleys. We fully expect that the present ones will last as long.

So again there is a decided edge for the trolley.

The San Francisco Public Utilities Commission owns its own power distribution center coming from the High Sierras. So we have low-cost energy.

San Franciscans are proud of the fact that they have a great sensitivity to environmental factors in San Francisco. And people are highly sensitive to environmental deprivation in San Francisco, so to speak.

Mr. **Mineta**. Mr. Green, thank you very, very much for your appearance and testimony here. I know that all of us are going to be actively watching the situation in the cable car system.

So thank you very much.

Mr. **Green**. Thank you.

Mr. **Mineta**. At this time I would like to ask Mr. Schreiber to come back for one question which I forgot to ask. With this big push toward ridesharing programs, along with the simultaneous promotion of flextime and staggered work hours, is there some inconsistently?

Don't flextime and staggered work hours really become an obstacle to ridesharing?

Mr. **Schreiber**. No. I had thought that, Congressman, but I am told that there are some studies which indicate that flextime will indeed encourage pooling. Currently some people cannot carpool because they may have to stay later than the carpool. But they can be matched with people under flextime system.

I am told that there are studies that show that flextime in particular will indeed increase carpooling. And we have worked with RTD in Los Angeles to encourage particularly those companies along the Wilshire corridor, which is RTD's heaviest capacity route, to work with us to establish flextime.

We have been somewhat successful in that corridor in getting companies to do that.

Mr. **Mineta**. Very well. Just for the record, Mr. Schreiber, could you define flextime and staggered work hours?

Mr. **Schreiber**. Yes. Flextime is where the employee is allowed to set his or her own hours within a given parameter. Say they can start as early as 6 and as late as 9, and extend the hours at the end accordingly.

In staggered work hours, they are fixed by the employer or employers. Some employees are given work hours of, say, 6 to 3, others 7 to 4, others 8 to 5.

Mr. **Mineta**. Thank you very much, Mr. Schreiber.

At this time, the subcommittee will recess until 1:30.

[Whereupon, at 12:27 p.m., the hearing was recessed, to reconvene for further hearing at 1:30 p.m. the same day.]

AFTERNOON SESSION

Mr. **Mineta**. The subcommittee will please come to order.

And at this time I am pleased to introduce Mr. John T. Mauro, general manager of the San Mateo County Transit District.

We also note with pride an article in the U.S. News & World Report of December 24 which described some of your outstanding efforts in San Mateo County. We are anxious to hear from you.

TESTIMONY OF JOHN T. MAURO, GENERAL MANAGER, SAN MATEO COUNTY TRANSIT DISTRICT, AND CHAIRMAN, CALIFORNIA ASSOCIATION OF PUBLICLY OWNED TRANSIT SYSTEMS (CAPOTS)

Mr. **Mauro**. Thank you, Mr. Chairman, and representatives of the committee, and Congressmen and lawyers.

I am the general manager of the San Mateo County Transit District. The district was created in 1975 and went into actual operation on July 7, 1976. I am pleased to report that in 3½ years our ridership has gone up from about 3 million passengers a year to 16 million passengers in this past fiscal year.

I am also very proud that one of the distinguished members on the dais is Congressman Royer. He was one of the founders, a charter board member of the district, and a past chairman. He really understands transit and I am very proud that he is in Congress and another knowledgeable voice for transit.

Recently, I was elected chairman of the California Association of Publicly Owned Transit Systems, called CAPOTS, which represents 33 large and small transit agencies in the State.

On behalf of these transit system operators, may I express our gratitude for your continued support of public transportation, Congressman Mineta and Congressman Royer, and appreciation for your invitation to express our concerns over the growing mobility crisis facing California and the Nation.

Certainly no State is more vulnerable or will feel the impact of a fuel shortage greater. Californians own 12 million automobiles. They burn up 30 million gallons of gasoline daily.

We are so dependent on private autos to get to and from work, and to reach any other destination for that matter, that all commerce and industry would grind to an abrupt halt if service stations were closed for a week.

We are prime candidates to become the next political hostages of the oil barons of this world. It is quite possible we already are, and refuse to acknowledge it.

News headlines daily trigger fears that long gasoline lines will reappear, that rationing is around the corner, and that the price of gasoline will soar to $2 a gallon by the end of the year.

If there ever was an ideal opportunity for public transit to prove its value as a vital answer to mobility and to energy conservation, that time is here—or rapidly drawing near.

Many of us believe that mass transit in California and the rest of the Nation is facing its most critical test since World War II.

Virtually every transit system in this State reports increasing ridership. In Los Angeles, the Southern California Rapid Transit District, and in the San Francisco-Oakland area, operators report gains of 8 to 35 percent over the past year. The national increase in October averaged 12 percent.

Our peak-hour vehicles are crammed to the stairwells and weekly, as the price of gasoline leaps forward, more commuters desert their cars for public transit.

I said mass transportation may be headed for its most severe test since World War II. I wish I could report that the transit industry is as well prepared as it was 40 years ago.

In 1945, transit operators in this Nation could roll out 49,670 buses. There are 51,900 buses in the United States today. In 35 years, we have only added 2,000 more buses to serve 90 million more Americans.

In 1945, we offered the public 26,000 trolleys. Today, there are fewer than 1,000 on the streets of America, and if you find them in operation you earn a lifetime pass to the trolley museum.

In 1945, there were 37,662 rail passenger cars in the United States and Canada. Today there are 10,600.

Our inventory of vehicles is down. Especially in the older cities, maintenance and storage facilities are a shambles. Rail lines, structures, electrical systems, all need drastic attention.

Finding trained and qualified transit employees is a problem. The old timers have retired. The recruits are not likely to stick around. Overall, the number of persons employed in the transit industry has plunged from 203,000 to 162,000 in the last 37 years.

There seems to be no question that the construction of highways, the proliferation of autos, the dispersal of people into the suburbs and rising costs all took a toll on the private transit systems of the fifties and sixties.

Many of us were aware of the growing deficiencies years ago. Congress responded with the passage of the Urban Mass Transportation Act of 1964. That was a start and hopes glimmered. Finally, we thought, the Nation has awakened to the need for a balanced transportation system.

As we measure all of the rhetoric and promises of recent years against tangible results, however, it becomes abundantly clear that we are far off course and falling "farther behinder," as the Pennsylvania Dutch say.

There has been no consistency in Federal mass transportation objectives, in funding levels, and in the administration of available funds. There seems to be plenty of money for studies, for alternative analyses, for environmental impact reports, et cetera, but getting a buck or two to buy a bus or build a garage has remained a monumental challenge.

Many of us are spending 2 years in the grant application and review process and 2 years locating the hardware.

With the storm warnings upon us, we still have not geared up for any transportation emergency. And we surely have not committed ourselves to giving public transit a high priority in meeting this Nation's long-term energy problems.

In that regard it was kind of ironic to read that part of the windfall profits tax was going to be sent back to help social security payments. I would like to see somebody drive a social security payment to work.

So much for the past.

As the politics of petroleum gain an even greater stranglehold on the conduct of our daily lives, we cannot afford to give up.

We must take every short-range and long-term action available to reduce fuel consumption and to transport ourselves in the most efficient and economic means possible.

For the near and long term, we must, one, greatly expand the number of buses for public transit purposes. Federal funds for buses must be increased dramatically.

These funds should be targeted to the areas of greatest need and flow freely to the operator without the current bureaucratic rigamarole of grant applications, hearings, reviews, and so forth.

A bus is a bus. It's no big deal. They should be rolling off the production lines uninterrupted at a clip of 7,000 to 8,000 vehicles a year.

The assurance of a dependable market is necessary to restore and build confidence of the bus manufacturing industry in this Nation. The absence of a steady market has led to the collapse of manufacturers, longer delivery time, higher costs and parts shortages.

I think it is kind of tragic to be aware of the economic results of delays in bus production. Since 1968, the price of a bus has risen from roughly $43,000 to almost $180,000. And every delay brings additional escalations.

The situation has deteriorated to the point that one of the two U.S. manufacturers was quoting a 90-week delivery date, forcing transit agencies to seek suppliers overseas. Hungary has no such problems. It is able to turn out as many as 17,000 buses a year.

In the last 10 years, the U.S. has averaged 3,100 buses a year; 1975 was the peak year with 5,200 buses; 1970 was the lowest—1,400. In 1977, we turned out 2,400. Two thousand and four hundred buses is roughly 103,000 seats. We are not making much of a dent in the demand.

The reason I am making a big pitch for buses is that with all the talk of exotic and futuristic transit systems, the fact is that of 1,035 transit systems in this country, 989 are all bus oriented.

Of the 7.6 billion customers carried by transit in 1977, 5.2 billion were carried on the buses. And here we are with 2,000 more buses than we started with in 1945.

Starting with the present 50,000 inventory, we should be replacing 5,000 buses annually and adding 2,000 to 3,000 for ridership growth and/or emergency stockpiling.

In the bay area this year, seven transit properties, including our own, will receive Federal allocations permitting the purchase of a total of 85 buses. At this rate, the average bus replacement will be 41 years. A bus should live so long.

Just to keep up with retirements, the bay area should be receiving 275 to 300 buses a year and the statewide allocation should be about 800 to 1,000.

The second point is that Federal funds must be increased and pinpointed for the development of maintenance garages and for the training of mechanics and other skilled tradesmen who are short in supply.

UMTA's present practice of attempting to fund buses and garages from section 5 funds should be corrected by legislation, if necessary, and these capital facilities should be financed from section 3 grants as they once were.

Under the present section 5 program, and a mixture of section 5 and section 3, none of us know where the funds are going to come from and in what quantities.

Three, there are other members of our association who feel that the major population centers of the west should be given priority consideration in the development of new rail systems and preservation of existing rail services. These areas include Los Angeles, San Diego, Orange County and the San Francisco-San Jose metropolitan districts.

A CAPOTS task force estimates that $4 billion would be required over a 10-year period to finance these rail projects in California.

High among the priorities is the preservation and improvement of Southern Pacific rail service, which will call for $10 million in operating funds annually and $60 to $80 million in capital funds over a 5-year period.

Obviously, the larger investments will be dependent on an expansion of funding at the Federal level. That is why many transit operators have supported the windfall profits tax legislation now before Congress, and especially have urged the creation of a transit trust fund for the accumulation of a dedicated and dependable source of transit financing.

If the foregoing proposals sound familiar, they have appeared many times in many hearings on public transit. Apparently, we need to prod ourselves continuously to get some of the bigger jobs done.

There are complaints about how the funds are being allocated, vis-a-vis rail and bus, vis-a-vis east and west, vis-a-vis older cities and newer cities. But the fact is we are not getting the job done adequately, anywhere.

The real issue, though, is what we can do tomorrow to move more people, given the present state of transit capacities and capabilities. We offer these suggestions.

One, the supply of diesel fuel for public transit must continue to be given high national priority. But equally important, we must come to grips with the phenomenal rise in diesel fuel prices. Costs have doubled in the last year.

Our district in San Mateo experienced an increase of 42 cents a gallon over the last 12 months. We are now paying 86 cents a gallon and we have had to raise our budget for fuel from $700,000 to $1,500,000 in a midyear adjustment. Other experience are similar.

As an association, we would like to propose that a portion of the windfall profits tax be rebated to transit districts to offset totally unexpected and perhaps uncontrollable fuel costs which will impact on the quality and quantity of service and passenger fares in the coming months.

Second, San Mateo Transit representatives will soon meet with county school officials to determine if we can reschedule the start of public schools later, missing the morning home-to-work commute hours.

Faced with the prospect of transporting 20,000 youngsters next fall, we must do something drastic to increase our capacity by making two trips with the same bus and manpower over a 2-hour period.

We want to expand this concept in the bay area, perhaps to involve colleges, universities and governmental agencies as well.

Three, we will continue to support the concept of carpools and vanpools. While there have been successful demonstrations, large-scale carpool programs in metropolitan areas are an expensive proposition in terms of manpower and operational expenses.

At the moment, transit agencies have their hands full. And so we are suggesting that this worthy but gigantic effort be organized and managed by others—perhaps State transportation departments and private businesses.

Four, likewise, we strongly support proposals for staggered hours and flex-time worker reporting patterns. Anything that distributes loads helps us ease our capacity deficiencies. But public transit agencies cannot be relied upon to organize these operations which reach monumental proportions in urban areas.

However, transit agencies can and should assist in the identification and leasing of existing parking lots and the construction of new parking facilities tied to regular or express transit service.

Shortening the auto trip will conserve fuel. Bringing transit riders to common points will improve the efficiency of transit service. There are numerous opportunities for these transfers at drive-in theaters, shopping centers, churches and municipal facilities.

These short-range measures, plus the long-term investments, may not solve all of our transportation or energy problems in the months ahead. But for the first time, we will be moving in the right direction—toward greater independence from foreign oil imports.

And moving ahead is what public transportation is all about. Thank you.

Mr. MINETA. Thank you very much, Mr. Mauro, for a very fine statement.

You indicate that there has been no consistency in Federal mass transportation objectives, in funding levels, and in the administration of available funds.

Could you expand—not funding levels, which is self-explanatory—but on the administration of available funds?

Mr. MAURO. I think one of the things that happened is that when the big Federal dollars started flowing, particularly in 1969 under the UMTA Act, there were many cities that moved to improve their existing rail programs or propose new rail starts.

Atlanta, Baltimore, Miami now—there have been a number of cities. And these commitments have required a considerable chunk of the section 3 money. Funds were committed not only to start the first line, but in effect to complete additional lines.

This has driven up the number of dollars required for capital purposes. It looks as though staggering sums are being appropriated, $1.3 billion for public transit.

But when you examine it, there's only about $250 million to $300 million for buses. And yet the bus is the vehicle that serves most communities, offers the greatest service flexibility, can be produced faster, and answers the needs faster than any of the great rail systems that are commanding a large part of the dollars.

The promise that every city was somehow going to qualify for a rail system, along with other factors, depressed the interest in and also the commitment to funding buses on a regular basis.

And when you look at the fluctuations in the funding of buses over the years, you can see an erratic pattern of production—1,400 buses in the year 1970, 2,400 in the year 1977, 5,200 in 1975.

There has been no consistent commitment even though all of us know that buses wear out in 10 to 12 years and ought to be retired.

I'm not an all bus man. However, I really think that when you start looking at costs of $60–$80 million a mile for heavy rail, and you are talking about extensive right-of-ways and acquisitions and long lead times—5 to 7 years—to get a project off the ground, you have to temper that with what can we do today and tomorrow and then in 5 to 7 years.

I am not necessarily running down the need for rail systems in corridors where the needs exist and where solutions can be postponed 5 to 7 years. But in the interim we can't ignore the bus solution.

Mr. **Mineta**. You have expressed some negative feelings about the bus replacement funds under section 5.

Do you think a property like SamTrans necessarily would fare better with more discretionary funding?

Mr. **Mauro**. Yes; if there was an adequate amount.

Mr. **Mineta**. The article in the U.S. News & World Report indicated that instead of buying new buses you had gone ahead and purchased older buses and then fixed them up. How many years old were those units you were thinking of fixing up?

Mr. **Mauro**. When we started our district we pulled together 11 separate systems. They had a total of 62 small buses made by 8 different manufacturers.

So, the first step we took, since we did not expect a Federal capital grant for buses to provide delivered buses for 3 years, was to go out and buy used buses.

We went to Atlanta and bought buses that were 12-15 years old. We purchased some from Fort Worth. To make a long story short, we have 104 old buses that are from 12 to 20 years of age.

Trying to fix them has been a real challenge, particularly since we don't have maintenance facilities of our own. We're leasing our facilities. And when we started out we had virtually no mechanics and no help.

So, we've held the operation together with chewing gum and bailing wire. At the moment, of the 104 old buses that we have, I think I'd be stretching a point by saying we could salvage 20 of them, maybe put $10,000-$12,000 into each bus and keep them as reserve spares.

The rest are going to have to be permanently retired. The life of a bus varies with the degree of maintenance. But I would say that the buses that are being produced today will have less life than those that were produced in the early 1960's.

The quality of manufacturing and quality control in manufacturing, the lack of experience of some of the manufacturers has reduced the longevity to as little as 7 years.

Mr. **Mineta**. You say several bay area transit operators have been forced to seek Canadian suppliers for buses. It is my understanding that your district has recently ordered buses from Flyer of Canada. Would you compare for us your experience with the Canadian manufacturer as opposed to the two U.S. manufacturers as far as price, delivery time, performance, et cetera?

Mr. **Mauro**. We were able to pool grants that were approved over a 2½ to 3 year period in order to buy 100 buses recently. We went out for bid roughly a month after the New York order had been awarded to Flxible for 900 buses. And Los Angeles had put an order in with GMC for 1,000 buses. These grants were approved by UMTA about the same time. The effect was that Flxible and GMC indicated their production lines would be occupied for months to come.

Flxible told us we would have a 90-week waiting period before they could get us on the production line. We said we needed them now. Flxible declined the bid.

We met with General Motors. And General Motors initially reported a wait of 14 to 16 months. However, they couldn't guarantee us a price and they couldn't guarantee a delivery because at that time they were still in a state of trying to wrap up the Los Angeles deal.

The result is we solicited bids in Canada. There were two manufacturers, GMC of Canada as well as Flyer. Flyer turned out to be the only bidder. The price is equivalent to anything that we've been quoted in the United States.

They met our specifications, which call for a front-door lift for the handicapped. We awarded the contract in October and the buses went on the production line yesterday morning. We should be receiving delivery in February or March.

Mr. **Mineta**. How did the "Buy American" provisions affect this purchase of Canadian buses?

Mr. **Mauro**. I'm not sure how we might work that out with UMTA. The rules may not apply in the case of the Canadian manufacturer with American ties for parts and certain production.

I think it was basically because we were bidding the new look bus for which there was no U.S. manufacturer. We asked for the new look bus with the front-door lift and there was no U.S. manufacturer making that bus.

Mr. **Mineta**. Did you go to the new look because you felt that was a more dependable transit vehicle than the ADB?

Mr. **Mauro**. Frankly, yes. There was some problems that we heard about in other properties with General Motors' bus. They also had a rear-door lift which we didn't like at all for the handicapped.

They were having problems with their air-conditioning and with their brakes and with their tire longevity. And if the bus's air-conditioning went on, you couldn't even open a window.

There were a bunch of problems—plus the plastic body—that caused us to conclude, let's let someone else take on those headaches. After they refine the product we'll go back to them.

But the fact is that we couldn't get the ADB bus out of Flexible because of the 90-week delay. What we've done really is to fall back on the standard proved buses. The Flyer bus is the Canadian version of the American General bus, which was being produced in this country until AMG went out of business.

Mr. **Mineta**. The testimoney that we got from Walt Addison of Houston, who got the first delivery of the new RTS-2's was that they were really not well made. Evidently the pretesting of those buses was not done very well.

And he had all kinds of problems. Plus Houston didn't have good maintenance facilities. And they also purchased some new 870s recently. And between the two vehicles they have had all kinds of problems.

Mr. **Mauro**. I might add, Congressman, that quality control can vary not only from manufacturer to manufacturer, but from week to week within the same plant.

My eyes were opened when I went back to the AMG plant in Indiana to watch them produce our 1977 order of buses. The biggest problem concerned union work practices.

One day a guy would be welding and the next day he could be painting and the next day he'd be on carpenter work. I saw buses ahead of us in that production line where they put the skin on the frame from the bottom up. The result is that after they got through riveting, there was a bulge at the top. Workers would stomp on it to flatten it out. With that kind of thing, some day you are going to have a leaky bus.

So, we hired engineers to follow production from the day the first bus went on the line until the last one came off. AMG just could not control its labor problems and get production and so it dropped out of the business.

Mr. **Mineta**. In your view, what changes are needed in Federal procurement policies to facilitate bus purchases by transit properties?

Mr. **Mauro**. The suggestion has been made that the Federal Government should buy 1,000-2,000 buses. I really don't quarrel with that, if we had excess capacity today. But I'm just wondering how long it would take for the bureaucracy to settle on specifications for 2,000 buses and then to have the two remaining manufacturers respond to the order.

I would like to see the money start flowing to transit agencies directly under the old capital grant process. and the manufacturer should be able to count on funds for 5,000-7,000 buses a year.

I would like to see purchases made by the various properties. We ought to agree on specifications so that we don't have everybody redesigning the bus or trying to design his own version.

There was nothing wrong with the old system of funding buses under section 3 grants. I think what happened there was considerable pressure in Congress and in UMTA to divert section 5 money from operating subsidies that would benefit labor.

They said, we've got to get some of this money into capital. So the idea grew that you could use section 5 money for capital or operating expenses. And under the new apportionment policy it is almost mandatory that you use designated section 5 funds for the acquisition of buses.

The production problem is one key problem that we're not going to lick until there's an ongoing commitment. General Motors today will go to a three-shift operation as long as they're guaranteed the orders.

Mr. **Mineta**. We had hearings earlier last year on transit bus and rail procurement. And the thing that we did find out—as you figures indicate—is that production isn't even replacing the fleet.

And as you pointed out, with 90 million more people we have got 2,100 more buses.

What is the San Mateo District doing in ridesharing?

Mr. **Mauro**. We are such a small district, with about 60 employees beside our 210 bus operators, that we haven't done anything, frankly.

Our whole thrust here has been to organize public transit operations.

Mr. **Mineta**. Are most of your transit passengers going to destinations within or outside San Mateo County?

Mr. **Mauro**. The majority of our traffic ridership stays within San Mateo County. Ridership headed into San Francisco represents only about 17 percent of the total ridership.

Mr. **Mineta**. What about into northern Santa Clara County?

Mr. **Mauro**. About 10 percent. We see a great opportunity for the Southern Pacific Railroad to carry more ridership between San Mateo and Santa Clara Counties.

Mr. **Mineta**. And you would tie a feeder service into that commuter service?

Mr. **Mauro**. We provide about 337 bus movements a day to and from the train stations. Most of our lines in these small cities end at the station. And that service is now free. You don't pay a fare if you've got a train ticket.

Mr. **Mineta**. Of your total fleet, how many are older buses?

Mr. **Mauro**. Well, we've got 212 buses—104 of them are the old category.

Mr. **Mineta**. You have 212. Is there much reserve capacity in your system so, the event of a tremendous shortfall in oil supplies, that you would be able to absorb any kind of significant patronage increase?

Mr. **Mauro**. We have absolutely no additional capacity between 7:30 and 8 o'clock in the morning.

Last fall, as a result of proposition 13, we would up inheriting a huge number of schoolkids in our system. And we begged, borrowed, and stole used buses from everywhere. We were renting buses.

We have absolutely no capacity. We can't even keep five buses in a garage for repair, on a given night or a given morning.

We got caught with no equipment and a growing system in an energy crisis. And literally it has been touch and go every day.

Mr. **Mineta**. About these schoolchildren you will be absorbing, the 20,000; is the school district going to be paying you for that operation?

Mr. **Mauro**. Right after proposition 13 last year we went to each of the school districts. In those cities where bus routes could be modified and schedules adjusted, the school districts got out free of costs. Those youngsters wound up paying our 10 cent fare on regular route service.

That accounted for about 7,000 youngsters. Over and above that, we did something that was very unusual. In certain school districts, because of the huge loads, we went to the school districts and asked them for the use of their schoolbuses.

We contracted out the schoolbuses to private operators. And then we installed fare boxes on those buses, charging a 10 cent fare. The school districts reimbursed us the difference between what the fare box produced and what we paid the private contractor for his service.

That resulted in our system handling an additional 3,000 pupils a day. All told, with the kids that we inherited on our buses and under the school contract operation, we now are carrying 14,000 youngsters.

And we've had an indication that 6,000 more will be coming over to our system next fall. The yellow schoolbuses represent a reserve fleet. And we try to persuade the school districts to hang on to them and to transfer them to us as we need them at $1 a year. And that has worked so far.

I understand a question was raised yesterday about using schoolbuses for public transportation. Part of our emergency plan is to in effect commandeer some 200 schoolbuses in our county to use in the transport of other than schoolkids.

I understand that there may be some legal problems involved in that. And there's certainly some insurance and liability questions involved. But we have had some discussions and that would be one emergency plan.

Under another emergency plan to gain capacity, we might wind up commandeering trailer trucks that carry groceries and things like that to get people to and from work. I've seen worse things done.

But our approach here has been to utilize everything that we've got. We've also been a strong advocate of contracting out certain services to private enterprise. We have a private contractor carrying the handicapped, a private contractor for the schoolbus service, and we now have a contract with the Southern Pacific.

Mr. **Mineta**. Thank you.

Mr. Royer?

Mr. **Royer**. John, I am a little bit confused now on the advanced design bus. I think we talked about earlier why you qualified for the Canadian buses.

Doesn't the advanced design bus that the U.S. manufacturers are tooled up to make meet all of the specifications?

I guess I am confused because I thought during the hearings in Washington that the problem we had with the Transbus was the fact that they couldn't actually build the design. Most of the testimony that I remember hearing indicated that most of the features of the Transbus, with the exception of the low floor, were already incorporated into the advanced design bus.

Now, if I understand what you are saying, the Canadian bus is of a more advanced design than that—or is it just the opposite of that?

Mr. **Mauro**. It's just the opposite. The Canadian bus is a standard bus that has been produced with the same floor level as older models that can accommodate a front-door lift.

Mr. **Royer**. And you wanted a front-door lift?

Mr. **Mauro**. We wanted a front-door lift. Since we had to have lifts on our buses, we put them on the front door.

Mr. **Royer**. All right. Now, what is the situation with the U.S. manufacturers as far as the advanced design bus and the lifts are concerned? Are they now acceptable?

Mr. **Mauro**. General Motors is still putting a lift in the rear door and it is not acceptable. From my understanding, Flxible is now installing lifts in the front door.

Mr. **Royer**. Is Flxible's bus acceptable?

Mr. **Mauro**. There are two problems with Flxible. No. 1, is they were booked solid with the New York order. Somebody at the national level should have done a better planning job than to permit within a month releasing 900 buses for New York and 1,000 for LA, thus tying up the two manufacturers while the rest of us sit around for 90 weeks.

The 90-week delivery time was one problem for us with Flxible. And the other problem was they did not have an engine that met the California emission controls requirements.

Mr. **Royer**. Someplace in your testimony, John, you mentioned that this region was only going to get 85 buses. That just seems like a number that nobody can live with.

Mr. **Mauro**. Last year it was 75. And SamTrans was lucky, we got 40 of the 75.

Mr. **Royer**. So what you have done then in order to get the 100 that you have got, is to pool 2½ years' worth of grants?

Mr. **Mauro**. Two and a half years' worth of grants.

Mr. **Royer**. Another question that comes to my mind, is in reference to the Federal regulations that precluded using any Federal funds to bus schoolchildren.

How has that worked out?

Mr. **Mauro**. The Federal regulations do not permit public transit agencies from entering into a contract for schoolbus services if we are competing with private enterprise.

You have to prove you're not competing with private enterprise. By using schoolbuses qualified for transporting kids, we met State highway patrol requirements.

And then we contracted out with private enterprise to run the operation. So we were not in competition, and we met Federal regulations against school charters.

After that, we were free to work out our arrangements with school boards. We also had to assure UMTA that there would be no Federal money going into a subsidy for carrying the school youngsters.

So we went in a complete circle to work our way around Federal and State regulations.

Mr. **Royer**. If I remember correctly, the only way you can transport students on your system is if they use the regular service. In other words, you couldn't have a special route to pick up students.

Mr. **Mauro**. That's a State regulation. Highway patrol directs that if you are running a direct charter to a school, you have to use the yellow schoolbus and have qualified schoolbus drivers.

But youngsters can ride a regular bus on a regular route without any requirements.

Mr. **Royer**. Can you tell us a little bit about your emergency plan? I know that when BART was having all the problems and when you were having the strikes, there was cooperation between the San Mateo County Transit District and San Francisco in order to transport many of the people who were left stranded.

Can you tell us how you worked that emergency with the capacity you have?

Mr. **Mauro**. We took all of our north county routes and extended them into the city. We juggled our schedules so that we could run into the city with a busload of workers and then run back and pick up the kids in the north county and take them to school by 8:30 or 9 o'clock.

And it was done with the existing equipment. We were unable to get any buses by any lease arrangement from any operator in the whole State of California. Everybody was tied up. All our equipment was tied up. So there was no excess capacity. We had to just keep running that same equipment.

But I might add, we only captured about 10 or 15 percent of BART's customers. So, the bulk of them were riding into the city by automobile during the strike.

Mr. **Royer**. You really don't have an emergency plan in case of another gas shortage such as occurred recently?

Mr. **Mauro**. No plan will work without equipment. I keep coming back to buses. We need to produce more and to get rid of some of UMTA's regulations.

And part of the justification for new buses, we need to document that we are going to retire and replace existing buses. And if not, then you had to prove that there was a market for the additional capacity. So, we had to in effect get rid of our old buses in order to qualify for new transit. Now that to me is a tragic blunder in terms of national planning.

If you are planning for an emergency—and emergencies will occur—then you shouldn't get rid of equipment just because you want to trade it in to justify getting another piece of equipment.

Mr. **Royer**. Are you saying then that UMTA required you to get rid of the equipment?

Mr. **Mauro**. That was the understanding that we had. We had to replace in kind—unless we could prove that we had a market—a justification for added buses. I understand that that regulation, or whatever it was, has been relaxed in the last 6 months or so and that that no longer pertains.

So, somebody finally discovered that having excess capacity is in the national interest.

Mr. **Mineta**. If the gentleman would yield, that is also the reason why there is no market for used buses anymore. Now everyone is hanging on to their old buses as part of the reserve capacity of their fleets—and also to surround the Mall when the agricultural movement people are in Washington, D.C.

Mr. **Royer**. Mr. Mauro, I think you have made yourself quite clear that as far as you are concerned, while you are not wedded solely to the bus, you believe that our efforts should go toward the number one priority of developing more buses as soon as possible and getting them distributed?

Mr. **Mauro**. That's the truth. You know, at the best it is going to take us 5 years to get 15,000 buses, maybe 20,000 buses on the streets of America.

We're losing ground every day that we postpone this job.

I made the same speech 5 years ago. And we lost more ground. The bus is a quick and easy answer. You know, the bus is flexible. You can adjust, you can go after the market. If it is not here today, you go somewhere else with it. You're not locked in. The leadtime is short. And you can respond to any kind of an emergency.

So, I don't know what makes it such a big problem or big deal to produce this kind of equipment. Rail systems do require leadtime. And I'm not saying we don't need them. I'm just saying, let's improve the ones we've got but be very careful in terms of the new starts so we are not locking ourselves into massive dollar outlays which will benefit only a few.

If you're going to launch a major campaign for expansion of rail facilities, then you better have mucho dollars set aside over here for that and not touch the $750 million to $1 billion that you will need for the production of buses which are going to serve a hell of a lot more cities and a lot more citizens.

Mr. **Royer**. Mr. Chairman, I would just like to conclude by commending Mr. Mauro. I notice he has one of his directors with him, Mr. Robert Payne, who is in the audience and who has been a charter member of the district.

I want to say to John and to Bob that I think the San Mateo County Transit District has done an outstanding job and has shown real leadership. I think the record speaks for itself: 3 million ridership to about 16 million in a 3½ year period. If you have the commitment to public transportation the way that district has, I think it can work. And I commend you for having these hearings, Mr. Chairman.

I am convinced that with leadership and dedication we can make it work. It is certainly an absolute necessity if we are to have some impact on the energy crisis.

Thank you.

Mr. **Mineta**. Mr. Krouse?

Mr. **Krouse**. No questions.

Mr. **Mineta**. Mr. Harrant?

Mr. **Harrant**. No questions, Mr. Chairman.

Mr. **Mineta**. Mr. Aubry?

Mr. **Aubry**. No questions.

Mr. **Mineta**. Let me ask you one other question. I notice in the U.S. News and World Report article it says that a private contractor is being paid $396,000 a year to offer dial-a-ride service to the elderly and handicapped.

Now, will you still continue that contract after you get delivery on your new buses with the front door lifts?

Mr. **Mauro**. Oh, yes. Our system's built around a coordinated, incremental approach. We are, first, equipping our major north-south trunk lines with the regular lift buses.

The dial-a-ride system is serving the local point-to-point trips. They also feed those trunklines. Ultimately, all the buses are going to have to be equipped with lifts, because of Federal regulations.

Our experience has been that the bulk of the handicapped will ride the dial-a-ride service—at least those in wheelchairs. To give you an example, we have 24 buses with lifts in regular service on regular routes. We get about two uses a day by wheelchair patrons.

In our dial-a-ride program we carry about 25 people a day who are in wheelchairs. And the reason is that much of the handicapped community that really needs the service—particularly going to medical appointments—have to go from door to door. And so they require delivery.

The other issue, I think, is a broader issue involving equal rights and those sorts of things. We are committed as a district to equip all of our buses with lifts. I wish they worked better. They do not yet. We are going to buy 100 more that have lifts in the front doors, and we will see.

But the dial-a-ride system is essential. We probably will continue to fund that system.

Mr. **Mineta**. Well, there is no question that what you have been doing is setting a mark for a lot of other operators as far as what they ought to be doing.

And we appreciate the time you have taken to be with us. Thank you very, very much, Mr. Mauro.

Mr. MAURO. Thank you, Mr. Chairman.

Mr. MINETA. At this time I would like to call on Mr. Randy James, vice president and manager of the Public Affairs Department of the Seattle First National Bank.

After seeing the weather reports on last night's television news, I didn't know whether or not you would be able to get out with that seven inches of snow you had up there.

But somehow I see you managed to make it down here. And we appreciate your being here, Mr. James. We have a copy of your testimony, so please proceed in your own fashion.

STATEMENT OF RANDY JAMES, VICE PRESIDENT AND MANAGER, PUBLIC AFFAIRS DEPARTMENT, SEATTLE FIRST NATIONAL BANK

Mr. JAMES. Thank you very much.

First of all, I appreciate being invited here today to discuss a program which we feel, though it is still in its infancy, can be a prototype for other large organizations and businesses in this country.

On November 1 last year we inaugurated "Bus With Us," a program that provides a 100-percent public transportation subsidy to our staff members.

We undertook the program for several reasons. But before going into more detail I would like to tell you a little bit about our corporation.

Statistically, Seattle-First is the 19th largest bank in the country with assets approaching $8 billion. We are the largest bank in the Pacific Northwest, headquartered in Seattle, with 172 branches in the State of Washington.

We have five subsidiary operations, two of which have offices nationwide. We employ approximately 7,500 people, 5,300 of whom work in our branch banking division.

Being one of the business leaders in our region, we make it a part of our overall philosophy to explore innovations in our industry as well as in other areas such as energy management.

In 1973, the corporation embarked on a fledgling conservation program that focused on "turning out the lights." As we've matured and as new technology has been developed, our conservation efforts have grown into a full scale energy managment program designed to increase the effectiveness of our energy use.

Our new buildings and branch offices are now being constructed to meet and sometimes exceed the American Society of Heating, Refrigeration, and Air Conditioning Engineers' requirements.

We have constructed two branches with solar heating and cooling capabilities and we are in the midst of a statewide conversion program, a part of which is to minimize the use of fuel oil by substituting other energy sources.

By reducing the amount of energy used per square foot in our buildings each year, we will eventually be able to occupy nearly 1 million more square feet of space without using any more energy than we do today.

As we began to feel confident that we were making progress with conservation efforts in our buildings, we began to look into other areas where conservation would have a direct and visible impact on our staff members and our communities.

We were spurred forward by increasing problems with traffic congestion and pollution in major metropolitan areas and by the most recent energy shortages which were felt quite strongly in Washington.

A partial solution for some of these problems seemed to be a program that would get people out of their cars and onto public transportation conveyances.

In July last year, we conducted an employee survey asking several questions, among them what the response would be to a full transit subsidy. The results showed that there was no question that our staff would use public transportation if a subsidy were provided.

Based on the survey, statistics showed that the average distance traveled per day was 15 miles and that if the 3,200 people who indicated that they would ride the bus did, we would stand to save about 750,000 gallons of gasoline per year. That estimate is based on the average car getting 15 miles per gallon.

The idea for providing the subsidy was easy. The implementation of the program was a bit more hectic. We faced having to negotiate with 12 different transit authorities in the State, each with different fare structures.

We started, however, with Metro, Seattle-King County's transit system and the largest in the State. We looked at flow charts to determine where the greatest ridership would be, we looked at Metro's capacity to handle larger loads on popular routes, and we spent several weeks trying to figure out the best way to implement the program and make its administration attractive to the bank and to Metro.

What we ended up with was an annual pass with an identification program number and photo that would be distributed free of charge to employees who enrolled in the program. The cost to Seattle-First is based on a percentage of ridership. In essence, that could be considered the "no show" factor.

Metro determined that the holder of the pass would most likely ride the bus 65 percent of the time. Our cost, then, was based on this figure, not on the full retail cost of the pass. Although it is too soon to have specific figures on the program, we have committed $500,000 for the subsidy statewide. We feel certain that the costs will come pretty close to that amount.

The implementation of the program was an exercise in public and private sector cooperation. Metro set up six photo stations in their service area and, working with out personnel division, advised staff members when and where they could have their photos taken for the passes. The passes were distributed on the spot to those people who had enrolled in the program.

Metro then set about advising their drivers and other staff that the program was going in effect on November 1 and developed such a comprehensive training program that there was not one incident of a driver not recognizing the Seattle-First pass.

In the other 12 cities where the program is in operation, we have experienced the same spirit of cooperation. Each program, however, has had to be created from scratch to meet the operational procedures of the various transit systems.

In Spokane, for example, we are using numbered passes and our operations people are responsible for their issuance. In Bellingham, we are using a system of tokens which are purchased by the bank and given out to the employees who request them.

Administratively, we are pleased that the program has been able to be implemented so smoothly.

Of course, the key to the program is the ability of the various transit systems to handle increased passenger loads, particularly during the rush hours. The passes, by the way, are good anytime and can be used for weekend and evening travel as well as for commuting.

Metro, long lauded as an exemplary public transportation system, has been optimistic in its planning and boasts a fleet of modern coaches and a scheduled network that makes bus travel from almost every area of King County accessible either from "front door" bus stops or park and ride lots.

There have been a couple of hurdles which we have had to overcome, however, one related to the subsidy as an employee benefit and the other relating to the Internal Revenue Service.

The State of Washington, unlike many of the Eastern States, has several cities and many small communities where transit systems simply do not exist.

In these areas, which are mainly rural agricultural communities, there are no problems with traffic congestion and pollution. People live close to their places of work.

When we researched the number of transit systems in the State, we realized that this subsidy would not be available for many of our staff members.

When we dissected our reasons for providing the subsidy, it was quite clear that it was approached on the basis of energy conservation. With this in mind, we introduced the program not as an employee benefit but as part of our energy management system.

Through staff communications, we believe that we have been successful in allaying criticism from employees who are not eligible for the passes because of no access to public transportation.

We have received suggestions, however, for adding other incentives to the program, like vouchers for quarterly auto tuneups in areas without bus transportation. Although we are receptive to all the suggestions, we are concentrating on the bus program first. Possibly in the future we will move into other areas.

Our other major hurdle, which we have not yet overcome, is that the subsidy is considered by the IRS a taxable employee benefit. While not a big sting, it does prick the balloon of enthusiasm that surrounds the program. In Seattle, for instance, to an employee with a two-zone pass to reach the suburbs, it will mean an extra $186 on which taxes must be paid.

We understand, however, that Representative Gephardt of Missouri will be introducing legislation making that kind of a benefit nontaxable. We have great hopes that he will be successful and stand ready to provide any kind of support to make sure that legislators are aware that these kinds of programs are valid and are working.

We will be monitoring "Bus With Us" closely to keep track of ridership figures and to determine just how many auto miles have been replaced by bus miles traveled, including those not used in commuting.

As of December 31, our ridership figures showed that 3,100 of staff members are riding the bus statewide, 2,800 of them in King County where 5,000 of our staff are employed.

While our impact in numbers in smaller cities in the State isn't quite as dramatic, we hope that when other businesses follow with similar programs the cumulative effect will significantly support our State's conservation efforts and make Washington an outstanding example of public and private sector cooperation.

Thank you again for letting me share this program with you. I am prepared to answer any questions you might have.

Mr. MINETA. Did you look at carpooling or any other kind of ridesharing program prior to going into the subsidization program?

Mr. JAMES. Yes; we did. In Seattle there's a commuter pool that's available to any commuter in the downtown area corridor. And we've been working with them diligently over the years trying to increase carpool ridership.

I myself have been in a carpool for 4 years under that program. It is very effective and it does carry a balance of the staff who are not currently riding the public transportation system.

Mr. MINETA. On a per capita basis, which is the better return? Are you spending more on the subsidy program?

Mr. JAMES. Definitely. The bank is spending nothing for the commuter pool. It is a publicly sponsored program with no inputs from private employees.

The bank has been asked to subsidize some of the interest rates on purchase or lease of vanpools.

Mr. MINETA. What about matching lists then?

Mr. JAMES. The bank does not participate in matching lists.

Mr. MINETA. What motivates a bank like yours to accept the social responsibility for energy conservation on this very large basis? Now that Seattle-First has done this, have you found other businesses following your lead?

Mr. JAMES. It's been a very interesting program to watch. We are the only major employer in the United States doing such a thing. It has had a dramatic effect on the business community in Seattle.

It is common repartee around the lunch table to ask the other chairmen of banks when they are going to do the same thing. And they just laugh. So far they haven't joined in.

To us it does an awful lot. It reduces traffic congestion in downtown Seattle by 3,000 individual cars going that way. It helps in the parking situation.

I noticed in the testimony earlier someone talked about another organization spending $300,000 a year subsidizing employee parking. I find it ludicrous in this day and age to provide such a benefit.

I would rather see them take that $300,000 and put it toward public transportation to get those cars out of the city area.

In our outlying areas we don't have that problem. The employees, like I said earlier in the testimony, can drive directly to work because they usually live near the branch and it's very convenient for them.

It also helps, by the way, for corporations that have turnover problems in the downtown corridors. Employees who can't afford to park or don't have the means for transportation facilities can get downtown.

They can take our free pass and hop a bus from almost any place in the King County area and arrive in the downtown metropolitan area.

Mr. Mineta. Thank you.

Mr. Royer?

Mr. Royer. Yes, Mr. James, considering the fact that the subsidy is a benefit of employment, has it been part of your labor negotiations at all?

Mr. James. No.

Mr. Royer. Would it be an incentive for other companies to become involved if the labor unions picked up the idea?

Mr. James. I would never be one to suggest that the labor unions pick up the idea and press it on the corporations. I might suggest that it's an area that labor unions are interested in. They have come out in support of our program. They didn't like a few of the administrative details, but they do support the program.

Mr. Royer. I don't have any other questions, Mr. Chairman.

Mr. Mineta. Mr. Krouse, do you have any questions?

Mr. Krouse. Did I understand you to say that you are the only major employer in the United States that has taken this initiative?

Mr. James. When I say major employer, yes. The only corporations that we have identified so far are some minor employers with 100 to 200 employees who have also provided such a transportation subsidy.

In the State of Washington there are 30 companies that we know are now providing such a subsidy. But they are all small, mainly attorney offices with 12 or 15 employees, in the downtown area.

Mr. Krouse. Do you get many inquiries from elsewhere around the country asking about bus subsidies?

Mr. James. Hundreds. Our program has been described in almost every major newspaper in the United States. And we receive approximately 15 calls a week from other organizations asking us how our program operates.

Mr. Krouse. Have the Federal people indicated any interest in it, UMTA or the Department of Transportation?

Mr. James. They have expressed some interest in it. It's not to our satisfaction at this point, but it is occurring.

The Department of Transportation will be contracting with METRO to provide the followup survey for ridership. Which means the bank is now going to be in a position of providing information to the Department of Transportation for a program which we instituted, an interesting exercise in cooperation.

Mr. Krouse. Thank you, Mr. Chairman.

Mr. Mineta. Mr. Aubry?

Mr. Aubry. No questions, Mr. Chairman.

Mr. Mineta. Mr. Harrant?

Mr. Harrant. No questions.

Mr. Mineta. Well, Mr. James, let me express my appreciation to you and to Seattle First National Bank, as well as thanking you for your effort to get down here today despite the weather problems you have had in Seattle.

I would hope that your example will be followed by other firms. As our Federal money is being spent, and our local money is being spent on transit, the leveraging effect provided by the private sector can make a more productive kind of transit system.

I just hope that many other firms will follow your lead. Thank you again.

Mr. James. Thank you. My pleasure.

Mr. Mineta. At this time I would like to call on Ellen Eatough, who is executive director of Commuter Connection, Inc., of Sausalito, to make a presentation.

TESTIMONY OF ELLEN EATOUGH, EXECUTIVE DIRECTOR, COMMUTER CONNECTION, INC.

Ms. Eatough. Thank you, Mr. Chairman, and members of the committee. First of all, I would like to thank you very much for giving me the opportunity to speak before you.

I have submitted written testimony, but I will just summarize that right now.

[The full statement, including newspaper clippings, is retained in the subcommittee files.]

Ms. Eatough. You mentioned this morning that you were concerned about contingency plans, short-run plans, in the eventuality of a real energy crisis.

I am especially concerned that, given the tenuous international situation right now, that the Federal bureaucracy is unprepared and seems to be uninterested in being very prepared to provide for the transportation needs of this country if an abrupt and significant shortfall in gasoline supply should occur.

Of course, there are a number of exemplary mass transit programs which have been discussed here today. But, as you all know, it will take a lot of money and several years until we could build up to the capacity which could handle a situation where 50 million car drivers decided to take mass transit.

Vanpool and carpool programs are probably most efficient and effective, especially in the short run. And if every city in this country had a Commuter Computer, we would probably be in great shape.

But even Commuter Computer, during the most recent gas crunch, had in a 3-month period 150,000 applicants for their matching program. And that took 8 weeks to process.

So, we could find ourselves in a situation where the country is immobilized in the short run.

What I would like to propose is a standby emergency transportation program which could transport 25 million commuters. It could be set up within 100 days on a standby basis so that it would be activated on very short notice, say within two days.

This could be prepared for a cost of less than 5 cents per commuter. And once activated, a one-time cost of about $1.50 per commuter would be required when the need arises.

In addition to maintaining the mobility of the commuter population in this country, it would save about 200,000 barrels of oil per day.

Now, this proposal for standby emergency transportation would to some degree be based on the Commuter Connection concept.

The unique characteristics of the Commuter Connection program, which is now operating in the north San Francisco bay area for commuters who travel into San Francisco over the Golden Gate Bridge, is that it is flexible and enables commuters to either drive or ride on any given day on an interchangeable basis and according to their own needs and schedule.

The way our program works is that people are issued a commuter passport, which indicates where I am going, for example, to the financial district.

They also get an ID photo and the Commuter Connection insignia. And when a driver wishes to drive his car for the day and pickup passengers, he or she can clip the insignia to the car's right sun visor so it is visible on the outside to someone. It is therefore known that that person is a member.

When the individual wishes to catch a ride with someone else—they have run out of their gas rationing coupons for example—they can display it by the side of the road near any bus stop or along major routes that designate the connection points.

When an individual registers, Commuter Connection verifies their identity, their workplace and residence. And we take two ID photos. One copy goes on the pass and the other stays on file for security purposes.

So, it is a very simple program. We are also going to be making a recommendation regarding fares in which the rider would pay the driver to help defray the increased costs of gasoline and parking.

We have almost 1000 members so we're sort of at the stage Commuter Computer was at about 5 or 6 years ago. We have had a few notable successes and I think the most noteworthy one is that we have really legitimized the concept.

On the local level, our membership is the exact kind of people we were hoping to interest in the program. Our membership includes 64-percent professional-managerial workers, primarily working in the financial district in San Francisco.

One third of our members are women. And the predominant age range is 30 to 50 years old, with more people being over 40 than under 30.

In test communities that we have been checking since May 1979 we have 10 percent of the commuters into San Francisco registered in the program.

As a result of our progress, we have received favorable publicity in virtually every major newspaper in the country, including the Washington Post, the Wall Street Journal, New York Times, and LA Times. Copies of those articles are available.

As a result of this wonderful publicity, including being on all the major radio and television networks, we've received requests for information and phone calls from hundreds of groups throughout the country who are interested in this sort of programing.

A couple have already made specific plans for implementation. For example, the State of Pennsylvania is planning to implement a project of this nature for commuters in Harrisburg. The University of California at Berkeley is planning a similar program.

And one has actually been initiated in Dale City, Va., for commuters to Washington, D.C. This was initiated in December solely as a result of the publicity that we have received.

I have received phone calls from folks who have said they had this sort of idea for many years, but nobody would listen to them. After seeing articles about our program they have sought funding in some cases and achieved legitimacy to go ahead and take action in this direction.

A standby emergency transportation program based on this sort of concept could be implemented within 100 days. The first phase, which would take about 2 weeks, would involve detailed planning of a national model.

Phase II, which would be development of the implementation plan, would involve bringing together representatives of the State, local, and national levels to determine exactly how to coordinate this kind of a concept on a national level, while implementing it at the local level in a way that would give consideration for the peculiarities of the local jurisdictions.

I think this could be done successfully within about 45 to 60 days at a cost of about $250,000 to $750,000.

The third phase would be actual installation of the standby system. It would take about 30 to 45 days and would involve working with community groups and local civic groups, chambers of commerce, businesses and so forth, to prepare to register people in the event of an emergency, to get the basic materials on standby, to locate cameras and so forth which could be brought to bear on a very quick basis.

Once this is in place, the system could be activated within 2 days to be fully operational within about 10 days at a cost of about $1.50 per registered commuter.

If we started now, this program could be in place throughout the country by mid-April 1980, which is pretty close to the time some people are projecting that we might have grave difficulties.

It would enable at least 25 million commuters to have an alternative. It is also the kind of mechanism that could help match people for permanent carpools. Once they make a couple of matches out there in the roadside, they may find people they could be riding to work with every day, for example.

I believe that this sort of program, especially on a short-run emergency basis, would find people highly motivated to use it and could help the country maintain its mobility and conserve gasoline. This could be done with no capital outlay, for really a pittance considering the amount of money put into transportation now.

I would be happy to answer any questions.

Mr. **Mineta.** Ms. Eatough, have you worked with RIDES at all?

Ms. **Eatough.** We have a coordinator with RIDES. We have coordinated with all the transportation agencies in the bay area. The Golden Gate Bridge District is our sponsor for UMTA funding.

The Director of RIDES is on my technical advisory committee. He has decided specifically to focus on carpooling and vanpooling right now, but he is very interested in how our kind of program might apply to what he's doing.

He's been very supportive. And at this point, we're the ones who are demonstrating the concept.

Mr. MINETA. Because of the emblem or insignia, does the vehicle than get into an express lane on the bridge?

Ms. EATOUGH. If the driver picks up two passengers, which would make three in a car, yes, they can use the fast carpool lane and cross the Golden Gate Bridge free during commute hours, which is otherwise a $1 toll for a round trip.

We have a couple of built in advantages in that corridor. And I believe, as others have said, that incentives are very definitely necessary.

But again as Art Schreiber said, if people are informed they're highly motivated. A crisis certainly would achieve that. Then all you need do is give them the tools and they will rideshare. But we can't give them the tools yet on an overnight basis.

Mr. MINETA. When was this started?

Ms. EATOUGH. We began the planning in September 1978, and we initiated operations in our test community of Novato on May 1, 1979.

Mr. MINETA. And that was right in the middle of the crunch?

Ms. EATOUGH. That's right. That was the period in which we had the highest public interest and the highest rate of registration. In fact—we've learned since—we were doing everything wrong in the sense that we were making it very inconvenient for people to register.

We have found since how to make it more convenient. We were using passes which weren't as readily identifiable. We have taken these people who were highly interested and we've learned a lot from them about how to improve the system.

But even with all of our publicity we've never been able to match the rate of interest and registration we had during the May gas crunch.

And I think that is the sort of thing that people all over the country have experienced with transportation. But fortunately, many people who rideshare during a crisis stick with it later.

Mr. MINETA. That is your experience here?

Ms. EATOUGH. Yes.

Mr. MINETA. Thank you.

Mr. Royer?

Mr. ROYER. Yes, Mr. Chairman.

I was just wondering how intensive a campaign did you have in order to get the number of registrations—did you say 1,000?

Ms. EATOUGH. Yes.

Mr. ROYER. Was it an intensive campaign? It seems to me that——

Ms. EATOUGH. OK. For starters, we have been focusing exclusively on Marin to San Francisco communities. Next month we will be opening up to all communities within the county.

During the May gas crunch, when we opened up our first test community, we had newspaper publicity and coverage by all the local radio and television stations, plus a brochure which was handed out at the Golden Gate Bridge toll plaza.

We had a tremendous response. Since then, we have been spending more money on marketing and achieving relatively lower results. There is a steady growth rate, but certainly it's never matched that May experience when people joined because they thought they were really going to need it.

Mr. **Royer**. When does your demonstration project conclude?

Ms. **Eatough**. May 31, 1980.

Mr. **Royer**. May 31, 1980?

Ms. **Eatough**. Yes.

Mr. **Royer**. And your projections now indicate 1,500 registrations? Or will you run over that?

Ms. **Eatough**. I think with the changes that we have made and the marketing plans we have beginning in February that we may get to 3,000 or 4,000 by the end of May.

And of course that will be affected by the energy situation. If it's severe, it could be many more.

Mr. **Royer**. How are you going to go from 1,000 to 3,000 in what—4 months?

Ms. **Eatough**. Until recently we were only focusing on two small communities, Novato and Mill Valley. And now that we've gotten feedback from both public and private sources, we have made operation and design changes and defined our marketing program.

Now we're going back to the public and saying intracounty commuters can use this as well as transbay commuters. And we've got something that will make this system work better. Our demonstration has had a mini-demonstration component within it.

And now we're going back with a more finished product so to speak.

Mr. **Royer**. Have you had any kind of security problems such as forgeries or other attempts to get around the system?

Ms. **Eatough**. Sure, it's an expected question. We've had no complaints thus far. Before we decided exactly what kind of criteria to use in registering our members, we did check with State, city and county law enforcement officials to see that we were, in fact, doing everything we could to make it as secure as possible.

And yet, there is no foolproof system. People are going to impersonate a police officer and people can forge money and Commuter Connection passes. But thus far we've had no complaints.

Mr. **Royer**. How do you determine how much the system is used?

Ms. **Eatough**. We do this by surveying the membership. We spend quite a bit of effort on evaluation. We do telephone surveys of our membership.

We also have been holding what we call focus groups, which are discussion groups of our members and nonmembers, to get more subjective feedback about our marketing and so forth and about the system itself.

Mr. **Royer**. What would you say would be one of your larger barriers to more people using the system—the lack of information or——

Ms. **Eatough**. One minor reason is we need to improve the marketing, and we're doing so. I think the major reason is that Marin County is one of the most affluent communities in the State, if not the country. And the Golden Gate Bridge District has done an excellent job of providing luxury liner buses, which are only recently beginning to fill up at peak commute hours.

So, I think people are very satisfied driving their Porsches and Mercedes. They can affort to pay the $6 parking in San Francisco. They have told us so in the surveys of nonmembers.

And they have also told us that, although they are very satisfied now, if a crisis did occur, yes, they would be interested in using something like Commuter Connection.

The general manager of the Golden Gate Bridge District is getting very concerned, as is the district board, because they don't have money to operate more buses and because of the increased consciousness about gasoline and gasoline prices. They are encountering standing room only during peak commuting hours.

And if they had the money, it would take years to get more buses. So, they are looking at vanpools and Commuter Connection to fill that gap.

When the need arises, people respond. I think that's the crux of it.

Mr. Royer. Thank you, Mr. Chairman.

Mr. Mineta. Ms. Eatough, thank you very much for your presentation here today.

Ms. Eatough. Thank you for the opportunity.

Mr. Mineta. Mr. E. R. Peter Cass, general manager of the Tri-County Metropolitan Transportation District of Portland, Oreg., was also scheduled to be here today. Unfortunately, Portland was snowed in and Mr. Cass was unable to be here. His testimony will be included in the record at this point.

I would also like to note that an excellent statement has been submitted for the record by Bill Bliss, who is the president of the California Association of Bicycling Organizations.

With my own legislation pending on providing bicycle parking provisions at all Federal facilities for employees and for the public, I take a special interest in the role that can be played by bicycling in achieving mobility. Mr. Bliss' statement will also be made a part of the record.

I also have a statement from the city of Tucson, Ariz., to be made a part of the record, without objection.

[Statements referred to follow:]

STATEMENT OF E. R. PETER CASS, GENERAL MANAGER, TRI-MET, PORTLAND, OREG.

Mr. Chairman and members of the House Subcommittee on Oversight and Review, I am Peter Cass, General Manager of the Tri-County Metropolitan Transportation District of Oregon—or Tri-Met—Oregon's largest transit district, which is located in the three-county area surrounding Portland. Our service area includes 3,066 square miles with a total population of nearly one million, and transit service is provided to approximately 1,000 square miles of that area. Tri-Met currently has 910 operators and 559 buses, operating 24 hours a day, seven days a week. Tri-Met's major sources of income, besides the farebox, are an employer payroll tax of 0.6 percent in the tri-county area, and federal grants.

In our region, the transportation policy changes to preserve mobility and air quality began in 1975 when the City Council voted to reject a five-mile interstate freeway segment in favor of committing its 200 million dollars of federal funding to transportation projects designed to enhance transit and promote the livability of neighborhoods.

At about the same time, Oregon's progessive land use legislation went into effect. Efficient land use probably affects the cost of transit more than any other factor beyond transit's control. Inefficient land use increases the cost of all municipal services and contributes to auto-related air pollution and energy waste. Tri-Met is very aware that its job is transit, not land use planning, but we have worked to be a partner with local governments in accomplishing objectives that yield a more efficient transit system.

Any transit official testifying before this committee can tell you the problems we face. Before we're very far into the 80's, action at the federal level may be necessary to increase the output of bus manufacturers in this country. I'm sure you are well aware of the national situation which sees transit agencies nationwide estimating a need for over 16,000 replacement buses in 1980, while bus manufacturers estimate that only 6,000 transit buses will roll off their production lines. At Tri-Met, 17 percent of our fleet is 13–20 years old. With 18–36 month delivery times from manufacturers, that is a situation we just have to live with.

Financial constraints are the ones pinching worst. But those contraints have necessitated a new resourcefulness that we can be proud of. We're working to improve the productivity of the transit system:

Through the Portland Transit Mall, which gives bus traffic preference on a total of 22 blocks on downtown's two major streets. Before the Mall was built, it could take a bus as much as half an hour to travel that mile in rush-hour traffic congestion. Now it takes 10–15 minutes. That has increased our schedule reliability, as well as our average speed downtown. The mall has also provided a presence for transit in the community. Almost everyone in the region knows that if you get to the Portland Mall, you can get a bus to wherever you want to go.

Through a 15-mile light rail project on the engineer's drawing boards. That project will provide higher quality service to our highest population density area and save up to $4 million in operating costs compared to buses.

Through purchase of articulated buses that will save over a million dollars a year in improved driver productivity.

Through a complete redesign of bus service in the sprawling suburban west side, where Tri-Met was the first American transit agency to employ a service concept known as "timed transfer". Under this system, buses converge at a transit center on a synchronized schedule that allows easy transfers. The bus driver gets a convenient travel time between far-flung suburban destinations. Tri-Met gets more riders per mile as buses make shorter loops around transit centers. The community gets transit access to activity centers and a better return on its investment in transit. The success of this new service exceeded our expectations when our one-year ridership goal was met in the first quarter of operation.

Through publishing a manual for developers, planners and businesses to help them incorporate transit supportive elements in building projects before they are built.

Some of these measures are capital intensive, like LRT and the transit mall. Some of them are simply applying ingenuity to better manage the resources that we have.

While we're pursuing programs to increase our productivity—the most mobility for the public investment—we're also making it clear to our community that we can't do it all by ourselves. Our public needs to have realistic expectations of what to expect from Tri-Met over the next five years. They need to realize that individual initiative is required.

Nothing inspires individual initiative like the opportunity to make, or save, a dollar. Therefore we emphasize the money to be saved in our CARPOOL promotions, offering commuters information on the real cost of driving alone versus carpooling. More than a few commuters have been touched by the realization that it cost them at least $60 a month, not counting parking, to drive alone. Applications for Tri-Met's carpool matching service have more than tripled in the last year. In addition, we've inspired 325 more carpools through a joint program with the City of Portland in which carpoolers get unlimited parking at the City's long term on-street meters for only $15 per month.

We've made a concerted effort to get downtown businesses to adopt variable work hours for their employees. The concept has the endorsement of the Portland Chamber of Commerce and is about to move into a phase where it can be essentially handed over to the business community to promote.

We've worked individually with over 250 businesses, helping them to develop programs custom-tailored to their own needs: Their own carpool-matching programs, vanpool programs, work hours complimentary to transit service and vice-versa.

Ironically, the federal government as an employer is among the most restricted as to types of rideshare incentives it can provide.

As outlined in a recent memorandum regarding Policy for Federal Employee Parking Facilities from the Office of Management and Budget, Circular number A-118, dated August 13, 1979, carpool incentives or allowances are not provided (Item #5, paragraph B, "Exempt Vehicles"). This exempt status only covers vanpools. Even for vanpools, this status terminates September 30, 1981. This revised policy in fact resulted in the elimination of previously existing carpool parking incentives such as preferred rates.

Not a part of this circular, but overall the federal government as an employer is prohibited from providing any amount of fare subsidy for public transportation or carpool financial incentives to make ridesharing more attractive.

Twenty-five employers in Tri-Met's district now subsidize bus fares for their employees to the tune of 20 to 100 percent. Fringe Benefit Internal Revenue rulings related to transportation subsidies provided by an employer are not clear. For example, it could occur that an employer be able to deduct expenses to provide or subsidize parking spaces for employees but could not deduct any amount of subsidy for fares on public transportation. Also, current IRS rulings in this area would indicate that an employee receiving any such subsidies, parking, public transportation, or otherwise would be required to claim the amount of these employer provided subsidies as additional income. Clarification of this has been pursued in the past but not clearly resolved.

A tax bill to support ridesharing could possibly:

Allow a business deduction for transportation subsidies for carpooling (three or more people riding together), vanpooling (eight to fifteen people commuting in a van) or public transportation subsidies.

Eliminate requirement of claiming any of the above rideshare subsidy as extra income by anyone participating in a rideshare mode.

We applaud the FHWA Rideshare Division in its provision of special funds for ridesharing. The development of special sources of funds such as the 90/10 ratio for Federal Aid Urban System (FAUS) and the most recent Supplemental Demonstration Grant funds have made it easier for rideshare projects throughout the country to obtain the resources necessary to begin or continue their efforts. There is an increasing necessity for these and additional special rideshare funding sources in view of the growing competition for existing funding categories on the local level.

There are only 26 vanpools in our region, but there are over 20,000 vans registered with the Oregon Department of Motor Vehicles. So we're mailing those van owners a letter offering help, if they need it, setting up vanpools, suggesting that they buddy-up their co-workers and cut their costs—or even make some money—in the process.

An Oregon State Senate Energy Conservation Task Force is proposing a bill that would allow a $50 tax credit for anyone driving or riding in a carpool, or vanpool. Federal consideration of a similar incentive might be appropriate.

I thank you very much for the opportunity to present these views. I hope these comments on the Federal government's role in supporting increased mobility are helpful. If there are any questions the committee would like us to address, we would be most willing to respond.

CALIFORNIA ASSOCIATION OF BICYCLING ORGANIZATIONS,
Dublin, Calif., January 9, 1980.

NORMAN Y. MINETA,
Chairman, Subcommittee on Oversight and Review, of the Congressional Public Works and Transportation Committee.

DEAR CONGRESSMAN MINETA: It should surprise no one that the League of American Wheelmen and the California Association of Bicycling Organizations advocate considering bicycles when planning transit concepts and transit facilities. In the recent past transit managements have been quite surprised when the issue of bikes and transit arose. The times change—it becomes increasingly in the national interest that more people enjoy cycling for practical transportation. Bikes to, from and on transit supports utility cycling and is in the national interest.

Access to transit by bicycle can be difficult but the solution is at hand: California's Department of Transportation has prepared Planning and Design Criteria for Bikeways in California, a comprehensive guide to bicycle facilities and roadway standards. In most cases formal bikeways are not necessary for bicycle access to transit facilities if local government provides well maintained roads with adequate outside lane width. Careful study of the Caltrans document can aid public works officers in providing roads that are good for cyclists as well as motorists. Transit system design should include high quality roads to transit centers.

Bicycle parking at transit centers can encourage cycling to and from public transportation. It is a mistake to regard bicycle parking requirements as identical to auto parking requirements. If a motorist cannot find parking at the transit facility, on-street parking can serve, but many cyclists will not ride to transit stations if there is a chance that secure bike parking will not be available. This need for dependable bicycle storage dictates rental lockers or, perhaps, an attended storage area. Transit agencies should encourage cycling by providing sufficient secure bicycle parking slightly in excess of the demand.

Bicycles on transit combines the flexibility and convenience of the bicycle with the speed and range of transit—a bright promise seldom realized. A major problem is that no thought is given to carrying bicycles during early planning. BART is a good example. The stations and the cars are basically suited only for the person on foot. That BART carries bicycles is a tribute to the responsiveness of their management and to the persistance of those bicyclists who pressed for access. But most of the problems and many of the restrictions that accompany bikes on BART stem from the lack of planning—they are built in. Transit agencies should consider carrying bicycles during all stages of planning so that bikes can be carried with the least impact on capacity of the system and with minimum inconvenience to transit personnel and to the cyclist.

We urge you to establish policies that support the widest range of interaction between bicyclists and transit so that bicycling can make the greatest contribution in dealing with the problems that face our country.

Sincerely,

Bill Bliss,
President, California Association of Bicycling Organizations.

City of Tucson,
Tucson, Ariz., January 2, 1980.

To the Subcommittee on Oversight and Review, Committee on Public Works and Transportation, U.S. House of Representatives.

Programs to retain mobility for Americans in the face of a worsening energy situation is a critical agenda item for government. While the City of Tucson has such programs as computerized traffic control and carpooling, the primary means to aiding public mobility is the expansion of the transit system. The improvement and enlargement of this system is the key to insuring the free movement of citizens as well as for conserving fuel and reducing United States dependence on foreign oil.

The primary constraint to the expansion of the public transit system is financial. The amount of federal funding available to Tucson and other cities of similar size (less than 750,000 population) has not grown even moderately. As a matter of fact, for three consecutive years it will not increase at all under current legislation. This is occurring at the same time that the cost of fuel is doubling and likely will triple, general price inflation is at record levels, record numbers of people are turning to transit as an alternative to the automobile, and public expectation is growing for service expansion.

The attached graph illustrates the rampant growth in costs due to inflation as well as service expansions versus the woefully inadequate income to the City of Tucson from UMTA Section 5 and farebox revenues. The virtual full brunt of the skyrocketing costs are being borne by the City general fund. This is occurring at a time when many local governments are almost being hamstrung by taxpayer revolts in the form of spending limitation measures. The State of Arizona as well as others are currently in the process of adopting legislation that will severely limit local spending and fiscal flexibility. Clearly, funding of public transit is the single largest hurdle to insuring continued mobility of Americans.

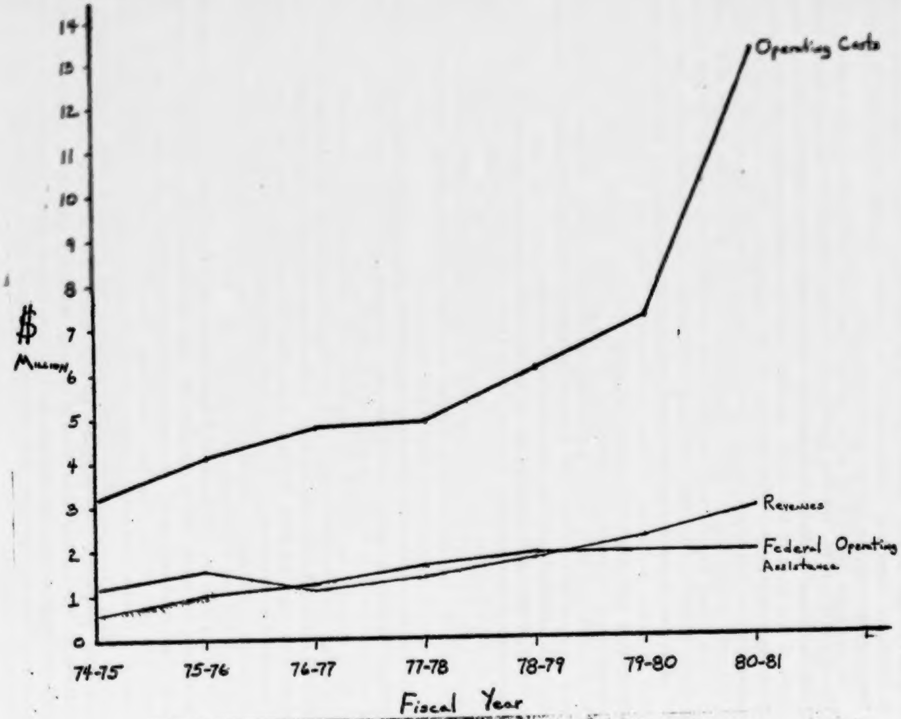
The secondary constraint to expansion of the public transit system is equipment availability compounded by federal procurement process requirements. The amount of time required for federal grant application development, approval, bid processing, vehicle purchase and manufacturer delivery is in excess of two years. Any service expansion from this course of action will be of no benefit in the immediate future. Actions should be taken to shorten the process of obtaining what little assistance the federal government does provide for transit equipment purchases ($600,000 to Tucson, at current prices this purchases 4 or 5 buses).

Measures should also be taken to rapidly increase the production of American made diesel transit buses. There are essentially two American manufacturers of heavy duty diesel transit buses. Their delivery times are about one year. Factors such as these severly limit America's ability to insure the mobility of the public in the face of a worsening energy situation.

At a time when skyrocketing fuel prices will be further accelerated by decontrol strategies, it becomes critical to the future of our society that governments provide transit alternatives to the automobile. Local governments, such as the City of Tucson, lack the financial resources to combat the growth of escalating diesel fuel costs, without substantial federal assistance. At present levels of assistance, federal decontrol strategies will force moderate and low income people out of their automobiles, but will not provide sufficient assistance to accomodate mass transit demands, and facilitate the shift to mass transit usage. Delays in securing, as well as financing capital hardware for mass transit, will further complicate this process.

Unless the Federal Government acts quickly to correct these problems, we will find the upcoming decade to have become a period where adequate transportation will be a privilege, enjoyed by those who can most afford the automobile. If we don't act soon, the very incentives designed to have citizens use mass transit will lead to the breakdown of mass transit systems, rather than to their upgrading.

THOMAS J. VOLGY,
Tucson City Councilman, Member
National League of Cities Transportation Committee.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Statement of the Orange County Transit District

The Orange County Transit District is pleased to have the opportunity to submit a statement regarding ridesharing to be included in your report from your series of hearings on mobility during the energy crisis.

As you have heard from other transit operators during the public hearings, it will be very difficult for the Orange County Transit District to respond immediately to large increases in demand, especially larger than we experienced last May when we were at the peak of the crisis. At that time our daily weekday ridership increased from approximately 75,000 to over 100,000 passengers. We found ourselves leaving passengers at bus stops during the peak hours of travel. Much of that increase has been maintained and we have accelerated our bus acquisition program by ordering 175 new buses. Fortuitously we were able to enlarge our order of 75 GMC Advanced Design Buses last summer by using 100 percent local funds for the additional 100.

In view of this situation we have embarked on an aggressive ridesharing program. Our program is similar to those in Houston, Texas and in Portland, Oregon. Our marketing department has been recognized by our Board of Directors as having the capability of promoting ridesharing, in the general sense, as well as bus riding. We have embarked on a direct marketing campaign, utilizing bumper stickers, buttons and promotional posters. We have incorporated concepts of shared or group riding into our advertising in the print and radio media.

Perhaps the most exciting thing we are doing however, is working directly with employers in encouraging them to begin their own ridesharing matching programs. We find that many firms have the capability in-house to do computer matching. Many firms also prefer the safeguards of confidentiality which an internal program provides. We are also able to suggest to employers some of the incentive programs which have been successful with other employers.

We are able to monitor the success of these programs by counting the number of automobiles in a plant's parking lot, increases in OCTD pass sales, and actual boarding counts at bus stops adjacent to plants.

Most recently, we have been engaged in a community-wide program in the City of Fullerton, in Orange County. In this program there are five major employers and two educational institutions (with a total pool of commuters of 75,000) in cooperation with the Chamber of Commerce, the Automobile Club, and the City Council. Through the cooperation of all of these entities we were able to secure significant newspaper coverage by which individuals in the community are made aware of both the need and the advantages of sharing a ride.

We find that our program will need some additional funding beyond what would ordinarily be spent. We anticipate the need for funding for additional employees in both the out-reach part of our promotional program, as well as in the actual technical side of the computer matching. We will be able to utilize a 100 percent federally funded computer system which we are installing under a grant from the Urban Mass Transportation Administration for a Dial-A-Ride demonstration dispatching program. The capacity of this computer is being adopted for carpool matching. We believe that this is a very efficient use of the investment of the Federal Government and we are told by the Urban Mass Transportation Administration officials that they are extremely pleased with our double usage of these computer facilities.

The Orange County Transit District is the second largest county in California in terms of population and it is growing rapidly. It is expected to rank as the fifth largest county in the Nation, when the 1980 census figures are available. Our population will increase by 51 percent and our employment will double in the years between now and 1995. We anticipate tremendous congestion problems. New high-capital programs such as expansion of existing arterials and provision of rapid transit will go far to meet the new demands which we anticipate. It is obvious, however, that there will be unmet demands, even with an ambitious capital program, which is estimated to be as much as sixteen billion dollars. To meet this additional demand, programs other than capital programs will be necessary. Ridesharing, therefore, will be increasingly important to fill the gap.

Mr. **Mineta**. As today's hearing draws to a close, there are several thoughts that come to mind.

The stark fact with which we must contend is that old assumptions about fuel availability and the environment in which we live and even about the programs of government no longer hold true.

Old habit patterns, if not altered, may not assure mobility, but actually threaten individual mobility and even threaten economic health in the years ahead.

We are into a transitional period—but transition to what? I believe the outstanding witnesses we have heard—on Monday and Tuesday in Atlanta and yesterday and today here in San Jose—have given us some outline of the future.

For the short range, there is a compelling need to get more efficiency out of existing investments in highways and road space, available parking, bus and rail facilities, and even the millions of motor vehicles owned by Americans. The logic of ridesharing is understandable to all. It obviously has tremendous potential for work-related trips.

Over the long range, new investments must have in mind the alteration of land use and development patterns as well as the provision of safe and efficient bus and rail transportation.

There will not be total agreement on any new course that impinges on the way that we historically have done things. A major reeducation is essential for all of us. Not everything we have heard in these hearings has been comforting. The processes of government have at times, I fear, been a bigger part of the problem than of the solution.

An oversight subcommittee must seek to develop genuine insights about the real relationship between the government and the people it seeks to serve. That we have tried to do.

I am encouraged by the first four days of these hearings. They will be continued in Washington, D.C. and the record will remain open in that interim period. The total record will be an important resource for congressional deliberations in the next few months.

Again, my sincere thanks to all of the witnesses and to all of those who have made our stay so enjoyable, here in San Jose and in Santa Clara County, and to the members who have participated, Mr. Royer I especially want to express my thanks for your presence here today.

I wonder if you have any closing comments?

Mr. **Royer**. I think, Mr. Chairman, that your remarks certainly express what I would like to say—that it is absolutely important that we get committed to a total transportation program. It is absolutely necessary for the retention of mobility as far as people getting to work and so on is concerned.

I am particularly pleased that you were able to hold these hearings here in Santa Clara County. I hope that maybe some of the leadership that you have exerted in this area can be transposed into other sections of the country.

I will be looking forward to working with you in Washington to continue those efforts.

Thank you.

Mr. **Mineta**. Thank you very much.

The subcommittee now stands adjourned.

[Whereupon, at 3:07 p.m., the subcommittee adjourned, subject to the call of the Chair.]

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MOBILITY FOR AMERICANS IN AN ERA OF INCREASING ENERGY, ENVIRONMENTAL, AND FINANCIAL CONSTRAINTS

WEDNESDAY, FEBRUARY 20, 1980

House of Representatives,
Subcommittee on Oversight and Review,
Committee on Public Works and Transportation,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:40 a.m., in room 2167, Rayburn House Office Building, Washington, D.C., Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Members present: Representatives Mineta, Stangeland, Clinger, Cleveland, Edgar, Solomon, Roberts, Levitas, and Fary.

Staff present: Charles A. Krouse, professional staff member; Dan Harrant, minority professional staff member.

Mr. Mineta. The Subcommittee on Oversight and Review of the Committee on Public Works and Transportation will please come to order.

The purpose of our hearings today is to examine Federal programs being administered by the Urban Mass Transportation Administration and the Federal Highway Administration to see if they are reasonably on course in meeting current and anticipated needs.

Program oversight can be a humbling experience. In addition to identifying problems and deficiencies, true oversight carries with it the obligation to try to find better ways of doing things, which is never easy.

Henrik Ibsen once observed that "man is in the right who is most closely in league with the future." To properly analyze Federal programs, one must try to get a glimpse at where public transportation may be headed, or should be headed, in an era of growing energy, environmental, and financial constraints.

The subcommittee heard some outstanding witnesses in 4 days of field hearings last month, and we have another slate of excellent witnesses scheduled for today and tomorrow.

There is every reason to assume that public transportation will become much more important during the decade of the 1980's. One of the proposed uses of the windfall profits tax on oil companies is to increase spending for transit by several billions of dollars over the next few years.

Chairman Jim Howard's Subcommittee on Surface Transportation will soon begin hearings on a new surface transportation authorization bill that probably will include additional spending for transit.

There is a clear need for more options in how Americans achieve personal mobility. But after decades of massive spending and public policy oriented around essentially one form of surface transportation, the private automobile, it will not be easy to move in a new direction. In transporting spectators to the winter Olympics at Lake Placid, N.Y., we have seen a small example of how terribly difficult it can be to shift abruptly away from the accustomed way of doing things. Incremental change certainly is the preferred route, and this seems to be happening at all levels of government.

There is a growing effort to beef up and expand conventional bus and rail systems. Several cities are planning new rail facilities, new busways, new malls, and terminals. Transit ridership has been growing nationally.

All of this is good. But we must ask if we are properly using all of our resources, and particularly those transportation providers that fall somewhere in between the private auto and conventional transit.

Ridesharing, paratransit, greater utilization of taxis and school buses, even more fuel-efficient private automobiles and more efficient use of them, all seemingly hold great promise in assuring mobility in the years ahead.

But we cannot proceed simply on the basis of hopeful expectations. We need to know much more than we do and to assure ourselves that Federal programs are reasonably on target, that there is a certain rationality in what we undertake. For that reason, we have convened these oversight hearings.

Before we hear from our first witness, I would like to ask if Mr. Cleveland or any member of our distinguished minority members would like to add anything.

Mr. **Cleveland**. Thank you, Mr. Chairman. Mr. Clinger is going to be representing the minority at these hearings, because unfortunately, I have some other commitments, which I regret very much.

I have no prepared opening statement, and I would just simply say that I applaud your remarks. Mr. Clinger, do you have any opening statement on these hearings?

Mr. **Clinger**. No.

Mr. **Cleveland**. Thank you.

Mr. **Mineta**. Today, we are privileged to start off with Mr. C. Kenneth Orski, the vice president of the German Marshall Fund of the United States, located here in Washington, D.C.

Mr. Orski, if you would please come forward. We have your testimony, and it will be made a part of the full record. So if you will go ahead and proceed in your own fashion.

TESTIMONY OF C. KENNETH ORSKI, VICE PRESIDENT, GERMAN MARSHALL FUND OF THE UNITED STATES, WASHINGTON, D.C.

Mr. **Orski**. Thank you, Mr. Chairman, and good morning, gentlemen.

Just a word about my background. I am vice president of the German Marshall Fund of the United States, a private U.S. foundation located here in Washington, D.C.

The aim of the fund is to promote cooperation between the United States and Europe on problems of common concern to Western society. In this sense, our foundation is animated by the same goals and aspirations that animated the Marshall plan, which it is meant to commemorate.

Prior to joining the fund in May 1978, I served for 4 years in an appointive position as Associate Administrator for Policy of the Urban Mass Transportation Administration, a tenure, I might add, that spanned three UMTA Administrators and three Secretaries of Transportation. This, I think, is less testimony to my longevity than to the lack of longevity of UMTA Administrators and Secretaries of Transportation.

In my capacity as Associate Administrator, I participated in the formulation of many of the policies that today govern and guide the UMTA program.

I am very pleased to appear before this committee and to testify broadly about the future of urban mobility in an era of growing financial, environmental, and energy constraints.

One of the consolations of private life is the ability to offer provocative advice without fear of having to act upon it. While the temptation to pontificate is always strong, I am mindful that your committee is not interested in abstract philosophy or pie-in-the-sky proposals, as it were, but in practical advice. And it is in this spirit, Mr. Chairman, that I propose to share my thoughts with you.

Now, my remarks today will address two key issues of public transportation policy. The first is the transportation system management requirement, and the second is what I see as the changing nature of public transportation, the kind of trends that you, Mr. Chairman, referred to in your opening statement.

Let me begin, then, with a rather bold statement. We are, I believe, on the threshold of a fundamental change in our approach to transportation. For over a century, the dominant goal of our transportation policy was to build new facilities—first turnpikes and canals, then railroads and streetcar lines, and in recent years, superhighways, airports and, to a limited extent, rapid transit systems.

Today, for the first time since the middle of the 19th century, fiscal constraints are forcing us to lower our sights and to moderate our infatuation with brick and mortar. We are coming to realize that the transportation infrastructure which we have already put in place represents an enormous and often vastly underutilized resource which, if managed effectively, could accommodate our growing transportation needs for many years to come.

Out of this new awareness evolved the concept of transportation system management, a principle which argues for a reorientation of local and national policies away from a preoccupation with large-scale public works and toward policies that encourage better management and more efficient utilization of existing investment.

In short, TSM argues for the proposition that transportation capacity and urban mobility can be effectively increased without a massive expenditure of money, if only sufficient imagination and creativity are exercised in managing the system we already have.

In September 1975, this philosophy received official recognition and blessing by being made part of the joint FHWA/UMTA planning regulations. Today, 5 years later, TSM constitutes an integral part of Federal transportation policy, is being vigorously promoted by the Department of Transportation, including Secretary Goldschmidt himself, and is widely, though still unevenly, practiced at the local level.

As one who was intimately involved in the development, promulgation, and early implementation of Federal TSM policy, I naturally find its rapid diffusion and acceptance highly gratifying.

Let me hasten to add that I do not intend these words to imply that the TSM requirement has ceased to be controversial or that the policy has been enthusiastically embraced by local officials everywhere. It has not.

I merely mean to say that the TSM concept has entered the mainstream of transportation thinking. The rationale for TSM has by now become well understood and accepted, as have most of its techniques.

What is more, the term itself seems to have become a permanent part of the transportation planner's and engineer's vocabulary. And most importantly, we are beginning to see some significant, though still spotty, results of TSM implementation.

What accounts for this rapid acceptance of the TSM concept? The cynic would say that once TSM became the object of a Federal regulation, local authorities had no choice but to comply. This, I think, is too facile an explanation, because the Federal Register is replete with rules and regulations, such as those of OSHA, for example, which have been given only token compliance. So I think the explanation for TSM's acceptance lies elsewhere.

At the risk of sounding ponderous, I believe that TSM has been embraced by local officials because it was an idea whose time had come. I mean by this that TSM came to reflect a set of values and concerns which independently gained wide currency in contemporary America.

These values include the environmental consciousness, the emerging ethic of "urban conservation," the growing climate of fiscal restraint, and a newly found awareness that the age of cheap and plentiful oil is over.

TSM happened to become at once an expression of these new values and an instrument of their realization. It is, in other words, a policy which is fundamentally in tune with the times, a concept which, I daresay, would have to be invented if it did not already exist.

Now, so much for the genesis of TSM and its philosophic underpinnings. Let me turn now to a much more practical question: How effective has the policy, in fact, been? Has TSM fulfilled its promise as an instrument of fiscal, environmental, and energy conservation?

To answer these questions, I find it useful to group TSM actions in five categories.

One. Actions aimed at increasing the people-carrying capacity of existing roadways through preferential treatment of buses and other high-occupancy vehicles (HOV's), traffic flow improvements, electronic highway aids, and so forth.

Two. Actions aimed at making more efficient use of automobiles and other small passenger vehicles through various forms of ridersharing.

Three. Actions aimed at reducing nonessential auto traffic through parking management, traffic diversion, auto pricing strategies, auto-restricted zones, and so forth.

Four. Actions aimed at influencing the distribution of tripmaking over time in order to ease pressure on overcrowded transportation facilities; for example, staggered work hours, flextime, and lower offpeak transit fares.

Five. Actions aimed at modifying the modal split, such as increasing transit usage at the expense of the automobile through provision of improved public transportation service, transit marketing, and so forth.

My own judgment is that we are making important strides in implementing the first two types of actions, but have been largely unsuccesful in regard to the last three types.

Why? You will note that all three of the latter type of actions involve some form of management of transportation demand, while the first two involve the management of transportation supply. While demand management constitutes in many ways the most innovative and original aspect of TSM, it also happens to be politically the most controversial, involving as it does a form of manipulation of travel behavior, something that has been traditionally repugnant to our libertarian spirit. We simply do not like to be told, least of all by the Government, where we can travel, when we can travel, and by what means.

Now, what can be done to increase the future effectiveness of TSM policy? Let me offer two concrete suggestions.

First, I would suggest that we stop viewing TSM as a planning requirement and begin to treat it for what it really is, and that is a management function.

Making the TSM requirement part of the planning regulation proved in retrospect, in my opinion, to have been a serious error, for in so doing, we placed the responsibility for TSM in the metropolitan planning organizations, agencies which have no political clout and no powers of implementation. And not surprisingly, TSM in many jurisdictions languished.

I do not wish to denigrate the importance of the MPO's. Long-range, strategic, top down planning is important in providing localities with a blueprint for the distant future. But long-range planning has nothing to do with the management of the existing transportation system.

The type of actions that TSM calls for—small-scale, low-cost, incremental improvements in the existing system, improvements whose impact and beneficiaries are often confined to the scale of a community or even a neighborhood—such actions seem more appropriate to local rather than regional initiative.

Planning institutions at the regional level are too far removed, temperamentally as well as geographically, to be able to build an effective political consensus for TSM improvements.

Introducing a residential parking permit program or organizing a neighborhood transit system, for example, and garnering the necessary political support for it, are not the kind of activities at which the staff of regional planning agencies typically excel, or for that matter, for which they have been trained.

So I would offer as my first suggestion the thought that we take the TSM responsibility out of the hands of regional planning agencies and place it squarely where it belongs—in the agencies that manage the urban transportation system: The city and county transportation departments, municipal traffic and parking authorities, and transit agencies.

Admittedly, this evokes a vastly different construct of the world of urban transportation than the one that is conjured up in the planning schools. It is a world involving many actors, each of whom holds an effective power of veto over TSM implementation.

It is a world in which success is achieved through cooperation, through shared power and shared responsibilities, and through negotiated compromises rather than through planning dictates imposed from above. It may be, however, the only world in which TSM has any chance to succeed.

My second suggestion about TSM would be to take a greater account of the potential contribution of the private sector in TSM implementation.

Many TSM initiatives—for example, flexible work hours, vanpooling, offstreet parking, pedestrian malls, and many others—depend importantly on the initiative, support, and good will of the private sector. It makes good sense, therefore, to welcome private enterprise as an equal partner in TSM coalition.

From what can be seen happening around the country, private sector involvement in transportation is growing anyway. Some 300 companies today support vanpool programs, while many others are experimenting with flextime and other transportation-related innovations.

We need to recognize and reaffirm the value of these private efforts and to encourage them further.

This leads me directly to my next topic, Mr. Chairman, and that is the changing nature, as I see it, of public transportation under the influence of our changing attitudes toward the public sector.

In recent years, our old faith in the virtue of government monopoly in the provision of public services has given way to a feeling that competition and the involvement of private enterprise, with its more consumer-oriented approach, may in fact improve the efficiency and quality of public services as well as reduce their cost.

Similarly, our earlier belief that public services function best and most efficiently when they are directed from the top is being challenged by the demonstrated effectiveness of decentralized, locally operated service delivery systems.

In the transportation sector, these sentiments have stimulated a variety of innovative services which bear little resemblance to the conventional mass transit services. The new breed of services include, for example, cooperatively run commuter buses offered on a subscription basis, such as the Reston bus service; employer-organized vanpools; door-to-door transportation services for senior citizens and handicapped persons operated by social service organizations and church groups; and various kinds of decentralized, neighborhood-oriented transit services, services which have been conveniently lumped under the generic term of "paratransit."

My favorite model of a decentralized public transportation system is the "Ride-On" service in Maryland's Montgomery

County. The system consists of a fleet of minibuses providing feeder services in suburban neighborhoods to the regional Metrobus and Metrorail systems, as well as local circulation services during the day within the suburban centers.

Although its routes are closely integrated with the regional transit system, Ride-On is an independently run body, responsible to and supported exclusively by the citizens of Montgomery County. Similar locally sponsored systems, often operated under contract by local taxi companies, are sprouting in suburban communities all over the country.

Some officials regard these trends with considerable apprehension, viewing them as a first step toward a subversion of the carefully nurtured principle of regional integration. But there is no virtue, I submit, in maintaining the principle of centralized management for its own sake, if such an approach fails to provide a more effective, more responsive, and less costly service.

It is now becoming clear that large, regionwide public transportation systems are not necessarily more efficient. On the contrary, they may suffer from important diseconomies of scale, saddled as they are with large overheads and large fleets of expensive equipment.

And so, instead of viewing the recent proliferation of private and community-level transportation systems as a threat to the established metropolitan wide transit operations, as many transit officials, I am afraid, reflexively do, a wiser, more forward looking attitude might be to acknowledge them as legitimate complements to line-haul services and welcome them as true partners in the efforts to increase productivity and reduce operating costs, and thus broaden public support for transit.

The future, I believe, will see a rapid growth of these privately operated, decentralized public—or really, a more accurate term would be "collective"—transportation services. Unencumbered by many of the rigidities besetting conventional mass transit systems, this new breed of services will be more adept at responding flexibly and more rapidly to new demands created by increasing fiscal and energy constraints.

For example, employer-provided transportation to work—long a standard provision in labor agreements in Europe—may in time become an eagerly sought after fringe benefit in our own collective-bargaining process.

Similarly, the day may come when shopping centers, amusement parks, resorts, and other places not located within easy reach of public transportation will begin to offer collective transportation services in an effort to retain their increasingly cost conscious public.

The day may even come when suburban developers will offer collective transportation services in an attempt to lure the public into buying homes in distant, auto-dependent suburbs. And with gasoline at $1.20 a gallon and rising, I think this day may not be too far off.

Similarly, Mr. Chairman, community owned and operated fleets of so-called public automobiles may one day provide a variety of public transportation services which today are seldom available. In the morning, for example, they could deliver residents of suburban communities to rail stations and bus stops. During the day, some of the same vehicles would provide internal transportation service within suburban communities, carrying people to regional shopping centers, and providing mobility for children and elderly citizens within the community. Then, in the late afternoon, these public automobiles would revert to their collection and distribution function and bring home the returning commuters. In the evenings and on weekends, part of the same fleet of public automobiles could be used as conventional taxis. And because such a fleet has the ability to respond flexibly, changing travel demands throughout the day, a community owned and operated, shared public automobile system could, I believe, be made economically sound.

This is just an example of what one could accomplish by exercising sufficient imagination in managing an existing fleet of vehicles.

Now, what can the Congress and the Department of Transportation do to foster the growth of these innovative services? First, I would suggest that DOT embark on a sustained program of wooing the private sector to become more involved in the provision of collective transportation services.

A good example of a constructive gesture has been the constitution of the National Task Force on Ridesharing, a group of influential local government and private sector leaders who pledge themselves to the promotion of shared transportation. And of course, employer-provided shared transportation programs not only have a potential to contribute importantly to the Nation's energy conservation efforts, but also, unlike conventional mass transit, they are not a direct burden on the local taxpayers. The cost is borne by the private employer.

The same spirit of public/private partnership does not pervade, I regret to say, the transit sector. Attempts by private operators, for example, taxi companies, to assume a more prominent role in the provision of public transportation, have generally been greeted with ill-disguised antipathy, if not with downright hostility, on the part of many mass transit operators.

While sections 3(e) and 4(a) of the Urban Mass Transportation Act specifically encourage private enterprise to participate "to the maximum extent feasible" in local mass transportation programs, this provision of the law is too often given only lip service by UMTA officials who seem more interested in protecting the mass transit industry from competition than in insuring the consumer's right to an adequate choice of services.

One example of UMTA's reluctance to welcome private sector participation in its program is its celebrated vaccilation about the issuance of a so-called paratransit policy. Published as a proposed rule more than 3 years ago, and announced several times since as "imminent," the policy has yet to see the light of day.

Although the lack of a published policy does not seem to have stymied the growth of paratransit, its failure to appear remains a vivid reminder of UMTA's ambivalence toward a more visible private sector role in public transportation.

So my second suggestion, Mr. Chairman, would be to send a strong signal to UMTA about the congressional intent in regard to private enterprise involvement, perhaps by amending and strengthening the language of sections 3(e) and 4(a) of the UMTA Act.

There remains one other topic which I was asked to address, Mr. Chairman, namely the future of the automobile. However, since I suspect that I have more than used up my share of the allotted time, I will not attempt to dwell on this subject at this time. Instead, with your permission, I would like to submit for the record my remarks before a NASA symposium entitled, "Urban Transportation: A Profile of the Future," in which I offer some speculations about the auto of the future. These remarks elaborate on a column which I contributed to the Washington Post several months ago, entitled "Cars of the Future."

This concludes my prepared statement. I want to thank you once again for the privilege of appearing before this committee, and of course, I will be glad to answer any questions that you and your colleagues may wish to pose.

Thank you, Mr. Chairman.

Mr. **Mineta**. Thank you very much, Mr. Orski, for a very fine and comprehensive statement. Your NASA symposium speech will be made a part of the record.

[The following was submitted for the record:]

Urban Transportation

A PROFILE OF THE FUTURE

By C. KENNETH ORSKI, *Vice President, German Marshall Fund of the United States*

Delivered at the NASA Colloquium on Profiles of the Future, Washington, D.C., September 11, 1979

MY credentials hardly entitle me to address you with any degree of confidence or authority about the shape of the future. I have spent most of my life in the Government, and, as we well know, the future in the bureaucracy seldom extends beyond the next appropriations cycle.

However, I am no longer in the Government, and one of the consolations of private life is the ability to sound prophetic and to offer provocative advice without fear of having to act upon it. With this mind, I have accepted Administrator Frosh's kind invitation to come here today and offer some speculations on how we will move in cities in the year 2000.

I have approached this task with some trepidation, recalling the Chinese proverb that to prophesy is extremely difficult — especially with respect to the future. Whatever confidence I had had in the ability of experts to anticipate future developments was all but shattered after reading the following in a magazine advertisement, appropriately entitled "The Future is Coming":

> In 1926, the man whose invention ultimately led to the development of the TV tube said: ". . . commercially and financially I consider television an impossibility, a development of which we need little time dreaming."
>
> In 1945, a famous American naval officer said, "That is the biggest fool thing we've ever done . . . the atomic bomb will never go off — and I speak as an expert on explosives."
>
> And in 1948, a respected science magazine said: "Landing and moving around the moon offers so many serious problems for human beings, that it may take science another two hundred years to lick them."

With these anecdotes as a humble reminder of the limitations of human prescience, let me emphatically state that I do not foresee any radical changes in urban transportation in the next 30-40 years — and I speak as an expert on transportation!

Correction: I do not see any radical changes in the *technology* of transportation. Magnetically levitated trains whisking us at speeds of 300 miles/hour, automated dual mode vehicles, electronic highways, personal helicopters, and other similar Sunday-supplement wonders will remain just that — figments of the Sunday supplement writers' imagination.

However, there is no doubt in my mind that moving around the city 40 years hence will be a vastly different experience from what it is today. The difference, however, will have less to do with technology than with *organization* of urban transportation.

One factor more than any other will, I believe, be responsible for this transformation — the growing petroleum "jitters." Although foreign oil is once again flowing and the gas lines have disappeared, the underlying factors that caused the fuel shortage are still with us. Global oil supply and demand continue to hang in a precarious balance. We thus remain vulnerable to any disruptions in foreign oil deliveries or to any unforeseen spurts in demand, such as would occur in the event of an unusually severe winter. Sporadic spot gasoline shortages will inevitably continue to occur — probably with increasingly frequency — thus providing a constant and vivid reminder of the precariousness of our energy situation.

At the same time, the price of crude oil is likely to continue to escalate. We have already crashed the psychologically important barrier of dollar-per-gallon gasoline — double the price we paid only five years ago. It is not impossible that gasoline prices will double again, to $2 per gallon, by 1985.

The combination of these two trends — rising oil prices and tight oil supplies — cannot fail but influence our future travel habits. Indeed, rising prices will undoubtedly prove to be a far more powerful agent of change than any amount of exhortation by the federal government to conserve energy.

The least painful, and therefore the most immediate adjustment in our transportation habits, will be to shift to smaller, more fuel-efficient cars. Indeed, this adjustment is already in full swing. Sales of small, gas thrifty domestic and foreign cars have reached record highs recently, while large cars have languished in dealers' showrooms. Between June and September of this year, i.e. since the beginning of the latest gasoline shortage, sales of large cars have plummeted more than 50 percent compared to the same period last year, while those of small cars have increased by 130 percent.

The trend toward smaller cars is likely to accelerate over the next decade under the combined influence of changing consumer preferences and federal fuel economy standards. While the federal law does not prohibit the continued production of "gas guzzlers" after 1985, I suspect that, as General Motors, Ford and Chrysler discover the competitiveness of their downsized models on the world market, they will begin to lose interest in maintaining production of their traditional "full sized" models. If my guess is correct, the standard automobile — the type of car we have been accustomed to since World War II — will pass into oblivion by the late 1980's — gone the way of the convertible, the roadster and other automobile species no longer suited to demands of the market.

It would be comforting to assume that with the complete recycling of the nation's passenger automobile fleet by the late 1980's, our energy problem will have disappeared. But such, unfortunately, will not be the case. While new cars will be getting more fuel efficient — attaining an average fuel economy of 28.5 miles/gallon by 1985 — total automobile mileage driven will grow too. If the volume of auto travel continues to increase at a similar rate as over the past 10 years — three to five percent per year — the benefits of the Congressionally mandated fuel economy standards will have been largely neutralized by the early 1990's. Thereafter, gasoline consumption may be expected to spurt once again. Thus, the current efforts to improve fuel economy appear to be little more than a stopgap measure — a "technology fix" which might buy us some precious time, but which will be unable to fundamentally reverse — or even arrest — the present trend of escalating fuel demand.

The Emergence of the "City Car"

Thus, in the longer run, we must do more than just marginally improve automobile fuel efficiency. We must develop cars that have radically greater fuel economy, perhaps as high as 50 miles per gallon.

According to many automotive experts, such cars will soon be within our technological capability. The Volkswagen Rabbit diesel model already gets 42 miles to the gallon, while both the Ford Fiesta and the Japanese Honda are in the 35-40 mpg range. Improved automatic transmissions, lighter-weight materials such as fiber reinforced plastics, small high-compression engines, and better matching of the engine's power to the car's weight, could place the goal of 50 mpg fuel economy within our grasp.

But such achievement will come only at a price. A 50 mpg car would be significantly smaller and lighter than today's subcompacts — perhaps even smaller than the Honda Civic. The car might carry only two passengers in comfort and have little space left for luggage. It would have modest acceleration compared to today's automobiles. It might even have limited cruising range in order to save on the weight of its fuel payload. In short, the 50 mpg car of the future would be essentially a "city car" — a low-performance vehicle intended for commuting and for local intra-metropolitan travel. Its purpose would be confined to serving the day-to-day transportation needs — needs which nevertheless typically account for up to 80 percent of auto travel in metropolitan areas.

But what of the other 20 percent of travel? After all, people do not use cars for commuting alone. Of what use is a car that could not take a family on a 3000-mile vacation trip to the Rockies; or pull a boat or trailer; or carry an extra load of camping gear? Doesn't the beauty of the automobile lie precisely in its ability to serve a multiplicity of functions? Such, certainly, has been the conventional wisdom of the past. Unfortunately, achieving exceptional fuel economy while maintaining the full range of performance and utility characteristics which we have grown accustomed to in today's automobiles may be just too difficult an objective to meet.

In other words, we may be past the point where we can command an all-purpose private car. We may be instead on the threshold of an era which will require a sharper specialization of automobiles. Already now there is a family of differentiated vehicles designed to serve a variety of uses: station wagons and limousines; vans and sportscars; recreational vehicles and pick-up trucks. We have devised personal vehicles to accommodate virtually every need except our single largest need — an efficient, economical means of commuting to work.

Obviously, a "city car" would not displace conventional automobiles. We would still need high-performance cars for driving on the open highway. Such cars would continue to be available, but would come to be viewed as "special purpose" vehicles, much in the same way as vans are viewed today. Those who could afford them would own them in addition to their everyday "city car." For those, however, who did not have the means or inclination to own their private "turnpike cruiser", there would be an alternative: a vastly improved system of renting and leasing automobiles.

New Forms of Auto Ownership

With a dense, decentralized network of lease and rental agencies dispersed throughout a metropolitan area, the need to own an all-purpose automobile would largely disappear. Most people would no longer find it necessary to have their own full-sized car because renting one for the occasional sortie out-of-town would be convenient and more economical. Easily accessible neighborhood-based auto rental places, hooked-up to a computerized telephone reservation system similar to that currently employed by airlines, would demystify and take the hassle out of the auto rental process. Urban areas would fill in with small, super-efficient "city cars". The goal of 50 mile-per-gallon fuel economy would become a reality without the help of a billion dollar Apollo program to "reinvent" the automobile.

How realistic a scenario is this?

From the very beginning of the automobile age, we have regarded the car as an article of personal possession, to be used exclusively for the satisfaction of the owner's private mobility needs. While farmers have long ago learned to cooperatively own and use expensive farm machinery, the notion of sharing possession of automobiles somehow goes against the grain. We tend to have too much emotional investment in our cars to treat them like ordinary chattels, in a matter-of-fact way.

And yet, there are some tentative signs that our attitudes are changing. The practice of "time sharing" vacation homes, boats and resort condominiums is spreading. Neighbors band together into informal cooperatives to acquire and use a whole range of equipment and facilities, from lawnmowers and power tools to swimming pools. Car rental agencies no longer cater exclusively to out-of-town visitors, but to local residents as well. Fly-and-drive arrangements are gaining popularity as people discover that it is often easier and more economical to rent than to drive one's own car. In France and the Netherlands, experiments have been conducted with the concept of "public automobiles" — self-drive taxis, as it were, available to customers in specially designated places, dispersed throughout the city. In Sweden, a cooperatively-managed scheme to share recreational and other special-purposes vehicles among residents of a suburban development has reportedly met with overwhelming success. A comprehensive system of neighborhood-based car rental centers has been proposed in the Swedish city of Lund.

What all this suggests is a growing public inclination to divorce the issue of automobile use from automobile ownership. Once we have fully conditioned ourselves to this dichotomy and have institutionalized it throughout the economy, we will have truly reinvented the automobile.

The Public Use of Private Automobiles

The same forces that are pushing us toward greater automobile specialization are also causing us to revise our traditional notions as to its role. Since the very beginning we have tended to regard the auto as a means of *private* transportation. Even cars which are not privately owned — such as taxis and rental cars — preserve the notion of exclusive use. The idea that a car could serve the *collective* needs of the public, that it could provide transportation on a shared-occupancy basis, has not been generally entertained.

Only recently has this attitude begun to change. Today, passenger cars are increasingly being adapted to serve the collective needs of the public and not just the private needs of individual owners. The concept of ride-sharing is assuming different forms. The oldest and most elementary form, of course, is the carpool. Recently, the concept of ride-sharing has been extended to other types of vehicles, especially vans. Some 2,000 formal vanpool arrangements are now in existence, and their numbers are growing.

But the concept of ride-sharing is still in its infancy. In the future we are likely to see it expand and grow in sophistication. I can imagine, for example, community-owned and operated fleets of automobiles and vans that would provide a variety of public transportation services in areas not served by regular transit. In the morning they would collect residents and deliver them to suburban rail stations and express bus stops. During the day some of the same vehicles would transport daytime residents to regional shopping centers.

Other vehicles would provide demand-responsive, shared-transportation service to persons without cars who wished to visit friends, go to a neighborhood swimming pool or the public library. In the late afternoon the same vehicles would meet commuter trains and buses and bring the returning commuters home. In the evening and on weekends part of the fleet could double up as a community-level taxi system that would respond to telephone demands for personalized door-to-door transportation service. By responding flexibly to changing travel demands throughout the day, a community-owned and operated shared-automobile system of the kind I have just described, could be economically viable.

The Private Provision of Public Transportation

This brings me to a related trend which, I believe, will grow in strength in the future — a trend toward privately provided public transportation services. A variety of innovative private transportation arrangements have sprung up in the last five years in cities large and small. They include cooperatively managed commuter bus services offered on a subscription basis, as in Reston, Virginia; company-organized vanpooling arrangements for employees; door-to-door transportation services for senior citizens and handicapped persons operated by social service agencies and private charities; and suburban public transportation services operated under contract by local, private taxi companies.

Behind the growing popularity of these arrangements lies a mixture of motives: partly, a belief that private enterprise is likely to deliver service more efficiently and at lower cost than a public monopoly; partly, because private operators are felt to be more consumer-oriented and better motivated to respond to the demands of the local market; and partly, because available public transportation service is inadequate.

In the future I believe we will see a mushrooming of privately provided and operated public transportation services. As the cost of gasoline continues to climb and the economics of driving alone steadily gets worse, provision of public transportation access will begin to figure importantly in the calculations of employers, shopping center developers, builders of new communities, and operators of recreational facilities. In time, I venture to predict, many large employment centers, regional shopping centers, suburban housing developments, and amusement parks will find it necessary to maintain and operate their own private transit systems in order to retain their increasingly energy-conscious public.

Some early manifestations of this trend are already visible in California, where several regional shopping centers have instituted their own mini-transportation systems during the recent fuel shortage. There is also a growing nationwide trend among suburban employers to provide company-operated bus services for their employees. My favorite model of the emerging trend toward "privatizing" or "localizing" public transportation is the "Ride-On" system in Maryland's Montgomery County. The system consists of a fleet of minibuses providing feeder services to the regional Metrobus and Metrorail lines, and local circulation service to daytime residents. "Ride-On" is operated by the county, supported by local taxes. Although its routes are closely integrated with the regional transit system, it is an independent operating body, responsible to and supported exclusively by the citizens of Montgomery County. Similar local systems, often run under contract by a local taxi company, are sprouting in suburban communities all over the country.

Some regard these developments with considerable apprehension, viewing them as a subversion of the carefully nurtured principle of regional integration. But there is no virtue, I suggest, in regionalism for its own sake, if a regional approach fails to lead to a more effective delivery of services. It is now becoming clear that large, region-wide transportation systems are not necessarily more efficient. On the contrary, they may suffer from *dis*economies of scale, saddled as they are with large overheads, rigid work rules, and equipment that is expensive to maintain.

Thus, instead of viewing the recent proliferation of private and community-operated transportation systems as a competitive threat to established metropolitan-wide transit operations — as many transit authorities reflexively do — a wiser attitude might acknowledge them as legitimate complements to line-haul services and welcome them as partners in efforts to increase productivity and to broaden the constituency for public transportation.

The Future of Rail Transit

My talk would be incomplete if I failed to address the future of rail transit.

For some reason I never quite fathomed, the subject of rail transportation evokes the kind of passionate reactions among transportation planners that have been traditionally reserved for subjects of more emotional content — such as abortion, Castro or the Redskins. Proponents of rail transit claim for it miraculous powers to solve all urban problems, from congestion and pollution to the energy crisis and sprawl. Critics of rail transit, on the other hand, prefer to emphasize its high cost and are fond of pointing out the lack of demonstrable effects of the San Francisco BART on land use and automobile traffic.

As usual, both sides' claims are exaggerated. Advocates of rail transit have vastly oversold rail's external benefits such as energy savings, reduced levels of congestion, and air pollution. They tend to minimize the importance of rail construction costs which have reached truly astronomical proportions: construction costs of 60-80 million dollars per mile these days are not unusual.

On the other hand, living here in Washington D.C., as we do, it is difficult to deny rail transit's salutary impact. Only in its third year of operation, and with hardly more than a third of the system completed, Metro already carries an average of 230,000 riders each weekday — almost twice as many as the 80-mile BART system. Metro's impact on land use has been undeniable. Metro stations in downtown and suburban locations alike have become veritable magnets for new development, and have already stimulated $970 million worth of new investment according to a recent report from the Federal City Council. Watching the Metro-triggered real estate boom, one cannot help but marvel at the power of rail transit to focus and concentrate development and thus to serve as an instrument of organizing metropolitan growth and controlling sprawl.

What of the argument that rail transit has become too costly to build? This may be true of traditional rapid transit which requires large amounts of tunnelling or construction of elevated structures, but is not the case with light rail transit — a new concept of surface electric railway, combining the features of a streetcar and the old "Interurban." A study done for the Department of Transportation estimates capital costs of light rail transit to range from a high of $40 million per mile for a fully grade-separated system, to as low as $3 million per mile for a system totally at grade, utilizing existing railroad rights-of-way.

Thus, it would be premature, in my judgement, to dismiss rail transit as irrelevant to our transportation future. Indeed, there are many who argue that only rail transit can give this nation true energy independence — for only rail investment can fundamentally alter the land use patterns that are at the basis of today's inefficient use of energy. Just as 25 years ago we embarked on a bold undertaking to link this nation with a 41,000-mile Interstate Highway System, so today, some would argue, we need an equally bold and imaginative program to put the country on the road to a more secure, self-sufficient energy future.

The Urban Transportation Future

Where does this leave us? I wish I could conclude with a flourish, evoking some grand Tofflerian vision of accelerating future and captivating you with images of exotic technology and effortless movement in the city of tomorrow.

In reality, I believe, we will evolve along a more conventional and prosaic trajectory. Barring some cataclysmic developments on the energy front, the automobile is likely to remain the preferred means of transportation of most Americans well into the next century — although, as we have noted, it will be a vehicle vastly different in design and performance. At the same time, public transportation — or, I should say, *collective* transportation — will assume a much more significant role in our daily lives. Transit of tomorrow will have more varied forms and utilize a wider range of vehicles, service modes, and operating arrangements, as it tries to serve a broader, more differentiated market.

While public transportation will tend to become more flexible and personalized, the automobile will assume some of the attributes of a public transportation vehicle, as new forms of auto ownership evolve, including widely accessible rental and leasing arrangements and community-owned and operated automobile fleets.

Rail transit of the surface variety may make a comeback, as conventional rapid transit prices itself out of reach of most cities. Given sufficient pressures on the energy front, I do not find it inconceivable that within the next fifty years every major city in this country will once again enjoy a network of surface electric railways. Just as the nineteenth century was the age of railroad building and the post-World War II era was an age of highways, so the waning years of the 20th century may become the age of urban railways.

Finally, pedestrians will have regained some of the territory they lost to the automobile during the last fifty years, as cities and suburbs impose more stringent requirements on the use of cars in congested centers and residential neighborhoods.

And — oh yes — we will still have rush-hour traffic and potholes. They will be there to remind us of the good old days, back in the late 1970's, when gasoline was still only one dollar/gallon, when parking in government buildings was still free, and when one could still afford the luxury of driving to work in one's own automobile.

Mr. Mineta. You have come before the subcommittee with the unofficial, somewhat imposing label of a "transportation futurist." Those are our words, not yours, and I do not know how comfortable you are with that kind of billing. But you have been associated with rather unique thinking about our transportation future, and you have not been afraid to put your thoughts before the public in a number of recent articles and essays.

You have written, for example, that magnetically levitated trains, automated, dual-mode vehicles, electronic trains, personal helicopters, and other such technological schemes are "figments of the Sunday supplement writer's imagination" and will remain so for the foreseeable future.

On the other hand, you have written that moving around the city 40 years hence will be an entirely different experience from what it is today and, as you point out, the differences will have to do less with technology than with the organization of transportation.

Beyond what you have included in your statement, would you care to comment any further on that?

Mr. Orski. Yes, Mr. Chairman. I do firmly believe that the future of urban transportation does not lie in exotic technological improvements. Rather, it lies in more imaginative ways of managing the technology that we already have.

It seems to me that what we have lacked to date is not so much the ability to move with sufficient speed, but the ability to sort out the various roles that transportation is supposed to play in our society.

So I see the future revolving very much around a more flexible, more imaginative and creative approach to managing transportation services. I alluded to one of them in my testimony, and that is the concept of decentralized transportation management, where the metropolitan transportation authority performs basically the function of a broker, not attempting to operate every service itself, but rather trying to coordinate and manage the services of many other operators and assuring that all mesh together in a coordinated way.

Mr. Mineta. As part of that, you have talked about a "city car" as opposed to today's all-purpose vehicle. What do you mean by a city car?

Mr. Orski. Well, I start out with the assumption that the improvements in automobile fuel economy, while they may offer a temporary reprieve from the growing petroleum scarcity, will not really provide a permanent solution. While new cars will undoubtedly become more fuel efficient, the volume of automobile travel will continue to increase also. And if it does increase at the rate that it has in the past, 3 to 5 percent per year, any benefits of the congressionally mandated fuel economy standards will have been largely neutralized by the 1990's.

And thus, the current efforts to improve fuel economy seem to me to be little more than a stopgap technological fix, rather than a fundamental solution to the petroleum problem. I am led to believe that we need to do more than just marginally improve fuel efficiency of automobiles. We must really develop automobiles with vastly improved fuel economy, perhaps 50 to 60 miles per gallon. And such an achievement, while it appears within our technological grasp, will come only at a price, because a 50-mile-per-gallon car would be significantly smaller, and significantly lighter than today's car. It may carry only two passengers in comfort and have little space left for luggage.

The 50-mile-per-gallon car, in other words, would be a "city car," a low-performance vehicle designed primarily for commuting and for intrametropolitan travel. It would basically serve the day-to-day transportation needs which nevertheless account for up to 80 percent of automobile travel in metropolitan areas.

But this is what I mean by a city car. It is a car that basically uses state-of-the-art technology, but at a certain sacrifice in performance. It becomes a specialized car. Just as today we have specialized vehicles such as limousines and sports cars and station wagons, tomorrow we may have to accept specialized cars for intracity transportation.

Mr. **Mineta**. You are also associated with the idea of cooperative ownership of automobiles. Could you describe how that would work?

Mr. **Orski**. Yes. This, Mr. Chairman, really flows from the concept of the city car. In other words, I start out with the assumption that we may no longer be able to command an all-purpose car. Instead, we will have specialized vehicles, and most of us probably will have a vehicle that we use 80 percent of the time, that is, the small city car.

We would obviously still need high-performance cars for driving on the open highway. Such cars would continue to be available, but they would come to be viewed as special purpose vehicles. Those who could afford them would obviously own them, but those who did not have the means to own these "turnpike cruisers", if you will, would have an alternative, and that is a vastly expanded and greatly more accessible system of renting, leasing, or cooperatively owning such vehicles.

I do not believe that this is a far-fetched idea. The principle of sharing possession of certain high-priced items is already well-accepted in our society. Neighbors, for example, band together informally to build a swimming pool or to own lawnmowers or power tools; the institution of time-sharing of resort condominiums and boats is spreading, and in general, we are coming to accept the principle that you may enjoy the possession of a service or an article without necessarily owning it.

And so, carrying this principle to the automobile field, one could envision cooperative ownership of certain specialized vehicles, perhaps on a neighborhood basis, where neighbors would band together to buy a van or buy a large car to be used for that occasional sortie out of town. Just as farm machinery is owned and used cooperatively today by farmers, those specialized vehicles would also be community property.

Mr. MINETA. One of the distinctions between public transit and the private ownership of the automobile is convenience, to be able to move where and when you want to.

I can understand in the case of a summer condominium, where you might say, "OK, from the 10th of April to the 24th of April is set aside for our vacation," and so we, under this common ownership, make our reservation for that time.

But what if my wife wants to go shopping this afternoon at 4 o'clock, or wants to go to Baltimore or Philadelphia, and wants the use of that cooperative automobile. It is very difficult to pick up the phone and say to whomever is doing the scheduling, "Max, I want to go up to Philadelphia this afternoon at 2; we will be back and drop the car off tomorrow at 10."

Mr. ORSKI. Yes. Certainly, for the shopping trip, your wife would have the city car available. For the sortie out of town, obviously there would be a problem of scheduling involved. However, I have looked into some examples of cooperative ownership of automobiles, notably in Sweden, and these cooperatives seem to work. What they require is a rather sophisticated system of booking, and probably the ownership of several vehicles. I think one vehicle serving a large neighborhood would not suffice. But just as Hertz and Avis have fleets of vehicles——

Mr. MINETA. Wouldn't it be cheaper for me, rather than being a member of that cooperative, just to say, OK, when I need that car, I will go down to Hertz and get a station wagon for that long, 2-week trip, or whatever it might be?

Mr. ORSKI. That is certainly an alternative. In other words, I do not see the neighborhood cooperative as replacing the standard rental and lease of vehicles through commercial agencies such as Hertz and Avis. I see it as a possible supplement, as a way of introducing yet more flexibility into the system.

Mr. MINETA. Would you envision any kind of UMTA assistance in any of this, changes in tax laws, or other initiatives?

Mr. ORSKI. I do not believe so, sir. I think that if the need for that kind of arrangement does arise, voluntary efforts and private enterprise will be able to handle it, just as they seem to be handling very successfully the efforts to create vanpools and other ridesharing arrangements.

Mr. MINETA. Mr. Orski, if I might switch now to the TSM which you have described. You have been identified as the father of TSM, since it was put together during the time that you were an Associate Administrator in UMTA.

GAO has concluded that in many respects TSM is a disappointing program, and you have indicated one of the problems is it is being used as a planning tool and not as a management tool. Would care to expand on TSM a little more?

Mr. ORSKI. Yes, sir. First of all, let me say that I share the paternity of TSM with many other people, some of whom are still in the Department. It was very much a collaborative effort, and I would like to recognize the role of my colleagues.

Like any new concept, we may have had too many expectations too early. I was once asked by a reporter when I hoped to see some concrete results from the TSM policy, and I answered, "Within 5 to 10 years." The reporter was very disappointed because he, like many other people, expected instant results, instant magic from this new policy.

However, like any other policy, and like any other new requirement that requires a radical change in thinking on the part of many actors, TSM cannot bring about instant solutions or instant answers. It is a slow, evolutionary process which involves the reeducation of a whole generation of planners.

It is only after a new generation of planners has been thoroughly educated to the concept of management of the transportation system, will TSM really begin to show the promise that all of us hope for it.

Mr. MINETA. Is part of that problem that there is no one definition as to what TSM is?

Mr. ORSKI. I think the best definition of TSM is still the one that we put into the original regulation. Basically, it is a concept which looks upon various transportation elements as parts of a system, and of managing those elements in a coordinated way to derive maximum efficiency.

So I do not think that the problem is in understanding the concept. I think this has been very well understood both by the planning profession and by local officials.

Mr. MINETA. Yes; but even using that definition, do the Federal Highway people look at it one way, the UMTA people another? How do we bridge that gap?

Mr. ORSKI. Well, inevitably, there will be different perceptions of what TSM is. And it is to some extent true that TSM is in the eyes of the beholder. Nevertheless, I believe that there is developing a common denominator of understanding about what we try to accomplish with the help of TSM policy. The rest, I think, is a matter of negotiation and bargaining between different actors on the urban scene, because different agencies within the metropolitan context have different objectives, different missions, different agendas for their programs. TSM in a sense forces these different actors to come together to negotiate and to arrive at a common consensus.

Like any other political process of bargaining, it does come with difficulty.

Mr. MINETA. Is that a planning process, or is that a management process?

Mr. ORSKI. It is a management process, Mr. Chairman. It is not a process which would require planners to come to agreement about what to provide for in the distant future, but a process to make things happen, in the immediate future. And this is why I said in my testimony that I believe interpreting the TSM requirement as a planning requirement was a serious error. We should have from the very beginning put it in the so-called TIP regulation, the transportation improvement program regulation, rather than in the planning regulation, because it is fundamentally a management task rather than a planning task.

Mr. **Mineta**. Mr. Clinger?

Mr. **Clinger**. Thank you, Mr. Chairman.

Following on the chairman's questions on TSM, which I gather is really a commonsense approach, at a time of limited resources to try and make maximum use of what is existing, what is available. But I wonder why this has to be a separately defined Federal program. Is it a question of giving emphasis to what should be self-apparent? Wouldn't the transit manager's normal desire to hold down expenses result in his pursuing TSM methods anyway? I am wondering if the fact that we provide liberal operating expenses is somewhat counterproductive toward pursuing TSM concepts? In other words, does the fact that we provide healthy subsidies in this area discourage the implementation of the TSM concept?

Mr. **Orski**. What TSM does in a sense, Mr. Clinger, is force the agencies that may have no interest of their own in holding down expenses to come to agreement on perhaps a suboptimal strategy for themselves, but nevertheless the most efficient and effective strategy for the city as a whole.

So in that sense, I see the TSM requirement as promoting efficiency and economy in the system as a whole. Whether this could have been achieved using the regular processes, without promulgating a specific requirement, my feeling is that it probably could not have been done. Our conventional process involved treating the planning and the management functions very separately, and the emphasis of the planning process in the past, before the appearance of the joint regulations, was on the preparation of capital investment plans. It did not really concern itself with making small-scale incremental improvements in the existing system.

So, had we allowed the conventional planning process to go on, I think we would have seen a continuation of master plans and ambitious blueprints that used to come out of the metropolitan planning agencies and other planning agencies, but none of that concentration on trying to make the best use of what we already have.

Mr. **Clinger**. What is the leverage to force this kind of management? What leverage do we really have to require this shift in thinking?

Mr. **Orski**. In the larger sense, I think the leverage is the self-realization on the part of local officials that this type of management approach makes sense, that it is in the long run the most efficient and the most effective way of getting the best performance out of the existing investment.

There are, of course, certain leverages attached to the Federal program which allow UMTA to withhold funds if a TSM plan is not produced. Unfortunately, the leverage is much less when it comes to implementing the plan. The emphasis was on the production of a plan, and this is why I come back again to my former point, that we have really misplaced the emphasis by looking at TSM as a planning requirement, and by taking the attitude that once the plan has been produced, all is well, and everybody can relax and sit back. I think that is precisely when the challenge begins. The challenge begins with trying to implement these plans, making them work, and this is where the leverage is, for the large part, lacking in the Federal program.

Mr. **Clinger**. Right now, I would guess that the mind set of the people who are running transit systems is fairly limited in just running buses, trains, et cetera, and they are not really looking beyond that very much. How do we get them to shift from that kind of thinking when the very narrow, categorical programs that the Government has forced them into that kind of a mind set? In other words, Federal programs are very delimited, and they make it more difficult to manage transit in a more flexible, more innovative way, it seems to me.

Mr. **Orski**. Yes; well, there have been a number of proposals discussed in the past concerning certain financial incentives for TSM implementation. I think such financial incentives might make sense. I am generally opposed to creating yet another categorical program each time we identify a new Federal objective. Small Financial rewards might have a significant payoff.

Mr. **Clinger**. And the other thing that has happened is that private sector involvement, which used to be the mainstay of small rural transportation systems, the small city bus systems, et cetera, have pretty much all dried up because the economics just are not feasible.

So, I am wondering how you would see your suggestions relating to the rural scene, and how can we implement this sort of thinking in rural areas.

Mr. **Orski**. It seems to me that it was not by accident that paratransit and the flexible collective transportation services began in the suburbs, in low-density areas, because it is there where these services thrive, prosper and are thus justified.

In rural areas, I see great promise for these collective-type transportation services, perhaps not even requiring vanpools or minibuses, but just passenger automobiles. This is where the concept of the public automobile, it would seem to me, would make the most sense, where fleets of community-owned public automobiles would provide a rudimentary public transportation service. And obviously, such a system would be labor intensive, but we must not be wedded to the idea that the drivers of these vehicles must be full time, fully-paid drivers. They could be volunteers. Perhaps the local church groups could contribute drivers to drive these vehicles; perhaps even students after school could volunteer their services.

So, I see these public automobile systems in rural communities being really a self-help, voluntary type of system, where the only public support would come in the form of funds for the purchase of the vehicles themselves. The funds for those vehicles could either come from the States or from the Federal Government under the rural transportation program.

Mr. **Clinger**. This, as opposed to large buses or——

Mr. **Orski**. This, as opposed to large diesel buses, 40-foot buses running on fixed schedules and at fixed times, which are really not the solution for the needs of rural America.

Mr. **Clinger**. We have masses and masses of yellow schoolbuses in our rural areas, which are only used in the morning to get children to school and home again in the afternoon. Do you see any role for the vast supply of schoolbuses that we have?

Mr. **Orski**. I know there has been a lot of thought given recently to the use of schoolbuses for public transportation in rural areas.

But it seems to me that while there is some virtue in using existing vehicles more efficiently, the kind of services that you want to offer to these people will require much smaller vehicles. You do not need 40-passenger buses. You need, perhaps, 6-passenger sedans to carry an elderly lady to the doctor or to carry somebody to the community center.

So, while schoolbuses obviously should be regarded as a reservoir of transportation vehicles that could be made available in times of emergency, in the longer run I would see rural public transportation developing its own kind of vehicle fleet especially adapted to serve the needs of the rural population.

Mr. CLINGER. Thank you, Mr. Orski. Thank you, Mr. Chairman.

Mr. MINETA. Thank you, Mr. Clinger.

Mr. Edgar?

Mr. EDGAR. Thank you, Mr. Chairman.

I would just like to begin by saying a word of thanks to the Chairman. While I do not serve on this particular subcommittee, I think that the areas that the Oversight and Review Subcommittee is looking into, in terms of urban mobility and energy efficiency in urban transit, and some of the issues that have been raised this morning, are very helpful.

I would like to draw attention again to your statement, that for over a century the dominant goal of our transportation policy was to build new facilities. And then you go on to say that for the first time since the middle of the 19th century, fiscal constraints are forcing us to lower our sights and moderate our infatuation with brick and mortar.

Perhaps I draw attention to that particular paragraph because it is something that I have said over the past 5 years. But I think it is something that is indicative of the problem. Hopefully, TSM and the shift to better management that you suggest may be helpful in the eighties and nineties not only in achieving greater creativity, as you have suggested, but in the renovation, reconstruction, remodeling, and use of existing facilities.

Would you comment briefly on your thoughts about general Department of Transportation policy and whether or not it clearly has moved beyond the funding of politically attractive new systems like those in Atlanta and Miami and Buffalo, and struck a balance between new systems and modernizing those in the Philadelphias, New Yorks, Bostons, and Chicagos that have older infrastructures.

Mr. ORSKI. I must introduce my remarks by saying that my knowledge of the present departmental thinking comes largely from reading what the Department has announced in terms of its grants and actions. It seems to me that the Department is pursuing a balanced policy of giving priority to modernization and rehabilitation of existing systems, without nevertheless ignoring the needs of cities that have no adequate mass transportation systems.

One could probably argue forever what is the proper mix is between investment in new systems and investment in rehabilitation and modernization of existing systems.

Nevertheless, if you look at the present transit usage—and I am talking primarily about rail systems now—most of it is in five or six cities that presently have rail systems in operation. It seems to me that equity and commonsense would dictate that these cities receive a healthy chunk of the section 3 discretionary money.

Now, having said this, I cannot resist the temptation of putting in a word for another kind of policy which the Department until now has not really focused on, and that is the policy of looking beyond the next 5 years, perhaps even beyond the next 20 years and well into the 21st century. Just as in the early 1950's, it took a leap of imagination for the country to authorize the Interstate Highway System—41,000 miles of divided highway—so today it may take a leap of imagination to make a national commitment to equip our cities with transportation systems that will meet the energy concerns of the early 21st century.

Now, what I have in mind is not the conventional rapid transit systems that we have built and are building in Washington, Atlanta, Baltimore, and Miami. What I have in mind is systems of vastly more simple nature, or the kind that San Diego, for example, is building, which utilize existing railroad rights-of-way, perhaps even share the existing truck with freight railroads. Let us not forget that there are many cities that have very good rail connections, rail lines, penetrating and circling the center cities.

Now, one could envision a policy that would take advantage of this existing investment in rail lines, just as we are trying to take advantage of existing investment in highways, and start thinking seriously about providing rudimentary rail transportation service in a much larger number of cities than is the case today.

This, Mr. Edgar, is one element of policy that could perhaps be brought to the attention of the Department, which does not figure presently in their calculations.

On the whole, however, I believe that the Department is following a well-thought-out approach to balancing the equities of existing rail cities versus the cities that aspire to having new rail systems.

Mr. EDGAR. Thank you. The second question goes to something that appeared in the press last week here in the Washington area. Metro general manager Dick Page has been talking about giving incentives to businesses to help employees utilize the existing public transit system. There have been some reports that with a little bit of effort on the part of those businesses, it would save several hundred dollars for individuals who might utilize public transit as opposed to their private car.

On the surface, it looks like a good idea, and I think it is a good idea. But there have been questions raised about the Federal Government taxing the benefits of those workers. Would you mind commenting as to whether or not some effort should be made through the Ways and Means Committee or through the tax-writing committee to protect those kinds of incentives?

Mr. ORSKI. Yes, Mr. Edgar. I am very glad that you asked this question, because this issue came up several times while I was still in UMTA.

It seems to me that we have two different policies, one toward automobile use and another toward transit use. Parking privileges are not taxed by the Internal Revenue Service as income to the beneficiary, and yet the cost of provision of parking is a deductible business expense for the employer.

Now, we have made no such allowance in the case of transit. Transit passes, I believe, have been interpreted as being income to commuters, whereas the provision of transit passes by the employer to my knowledge, is not treated as a deductible expense.

It seems to me that we ought to remove the bias in our tax policy, and at least treat both the same way. I am not sure which way we should lean, but at least let our policy be neutral as regards transit usage and automobile usage.

Mr. **Edgar**. Excuse me. Would you consider that an energy-related tax credit?

Mr. **Orski**. I think it could be interpreted as such, yes, sir.

I was going to add, on the question of passes, that I believe that we have only scratched the surface in regard to creative use of passes.

I have recently been in Europe, and I learned, much to my amazement, that in Holland, for example, one can buy a pass that will entitle you to travel on the entire transportation system within the Netherlands. The pass is good not only for urban transportation, but also for intercity commuter rail transportation. Likewise, it is not a pass that does not leave to be renewed every week or every month; it is an annual pass.

So there are a number of ways in which we could creatively use passes in order to promote the use of public transportation.

Mr. **Edgar**. The problem with that idea is it makes too much sense.

Your emphasis on taxi companies and the problems that the transit sector has with taxi companies, the lack of interface between transit and taxis and the dwindling number of taxi systems that we have in this country—at some future time, perhaps for the record, you might want to go into some detail on suggestions that you have on how we remedy that situation. How do we begin to build a better coalition between existing transit systems and taxi systems.

Mr. **Orski**. Let me simply say at this point that I think publication of the paratransit policy was meant to be that kind of a signal. It was meant to send a signal to our private sector operators, particularly taxi operators, that they are welcome as part of the mass transit constituency; that they are not to be considered as second-class citizens or outside the urban transportation system, but that they are indeed a very important and essential part of the mass transportation system of a city.

So one specific suggestion that I would advance is that UMTA finally come out with that famous policy, although as I said, I believe that the need for it is probably less today than it was 2 years ago. Paratransit and evolvement of the private sector in the provision of public transportation seem to be happening despite absence of the policy.

Mr. **Edgar**. Despite the Federal Government's lack of involvement. I agree with you, and I appreciate the emphasis in your paper on the use of vanpooling and carpooling and some of the creative thing that can be done.

I recently attended a conference on energy mobilization planning, and it seems to me that some of what you say about flexibility and creativity ought to be addressed, if we have a 20- or 25-

percent shortfall in gasoline, as opposed to the 5- or 6-percent shortfall that we had last spring. Your comment related to the need for flexibility in labor relationships causes a little bit of concern. It seems to me that there are some real issues pertaining to things like the 13(c) regulations.

Also, there are some concerns about the elderly and handicapped accessibility requirements and how you handle that in a more versatile system.

I just want to say I appreciated your statement this morning and I think you have made a contribution to our thinking about not only the TSM, but where we ought to go with transportation policy in the future.

Mr. **Orski**. Thank you, Mr. Edgar. Mr. Chairman, may I just offer one comment on Mr. Edgar's final remark about 13(c)?

Mr. **Mineta**. Of course.

Mr. **Orski**. I am well aware of the problems raised by 13(c) in the context of paratransit. However, I think 13(c) has been used by some people as the all-purpose excuse for not coming out with a paratransit policy.

It seems to me that one can declare a general intent to embrace the private sector in the UMTA program without doing violence to 13(c). These problems will have to be worked out gradually through negotiation with the unions and with transit operators. They cannot all be solved before the publication of the policy.

Therefore, I do believe that while we should not ignore or belittle the issues caused by 13(c), they should not really stand in the way of a strong reaffirmation of support for paratransit.

Mr. **Mineta**. Mr. Levitas?

Mr. **Levitas**. Thank you, Mr. Chairman.

I would like to commend you on your very challenging and provocative statement this morning.

You have been involved in the development of Transportation System Management from the early days. One thing that disturbs me is something that we, as members of this committee, have begun to do, and that is start referring to TSM not as a series or a concept, but something that takes on a life of its own, like EST or something of that sort. It becomes more of a doctrine rather than a concept. Do you see the danger of that evolving in the use of Transportation System Management approaches, where it becomes more of a religion than a methodology concept?

Mr. **Orski**. I think there is always a danger, Mr. Levitas, in advocacy becoming evangelism. There is that danger. On the other hand, I think that the early advocates of TSM may perhaps be excused for an excess of enthusiasm, because it has been such a new concept to the thinking of the transportation profession and of our local officials. It was so new and so alien that it needed a certain repetition and certain quality of religion, as you said, in order to become accepted.

The reason that TSM has become understood so widely and accepted to such a degree by the planning profession is precisely because of the enthusiasm and devotion of some of the early advocates. I am not referring necessarily to myself, but to some of my colleagues who at the local level really preached TSM, if you will.

I think that stage is over. TSM has by now been largely accepted. It is well-understood, and it is now really a different challenge. It is now a challenge of understanding how it can be made to work, what are its acceptable, politically acceptable, forms, and which ones are not. We do not want, after all, to go down blind alleys; we do not want to associate this perfectly valid concept with perhaps some very marginal or not very useful ideas.

So the emphasis, I think, is now changing toward a more technical process, where the planners and the implementers get together and agree on what works in a particular situation.

Mr. MINETA. Would the gentleman yield on that?

Mr. LEVITAS. I would be happy to.

Mr. MINETA. Are you satisfied with the joint FHWA/UMTA planning regulations that came out of TSM?

Mr. ORSKI. Well, Mr. Mineta, as I said earlier, in retrospect I believe we made an error in interpreting TSM as a planning requirement. Whether the error was serious enough for us to try and change the regulation itself is really debatable. Perhaps all that is needed is a certain change in emphasis by the people who are in charge of implementing the TSM requirement.

Mr. MINETA. Well, even though it is called a planning regulation, could it be interpreted or applied as a management tool?

Mr. ORSKI. It could be.

Mr. MINETA. It could be, without any further changes?

Mr. ORSKI. I believe so; it could be, within the present language of the regulation.

Mr. MINETA. Thank you.

Mr. LEVITAS. Thank you, Mr. Mineta.

I am pleased to hear your response to that. I can understand when a new idea comes along, butting up against old existing ideas where people have either professionally or through their educational background been schooled in one area, it is hard to get attention to change, or at least to accept some other concepts.

But I would be concerned if we ended up at some point with a battle between the pro TSMs and the anti TSMs and it became a matter of conflict. It seems to me that there is a need for the more traditional mortar and brick programs as well as transportation system management approaches.

For example, you identify a number of areas—suburban, rural, and in some instances, urbanized areas—where there is a role for transportation system management as a means of improving transportation modalities.

But there are some large metropolitan areas which have not yet achieved adequate transportation modes in terms of rapid transit or other traffic hardware. You have to have that in order to have something to manage. How would you respond to that?

Mr. ORSKI. Without any doubt, some TSM advocates have given the impression that the TSM philosophy basically precludes any further capital investment programs. That certainly was not the intent of the drafters of the TSM requirement. I think we all recognize that there are still very important, unmet capital needs in our cities, and that they will continue perhaps into the indefinite future. What TSM tried to do, I think, was simply to tilt the balance a little bit in favor of these management-type actions and away from this complete preoccupation with massive public works.

But I think that most people agree that there is a need for both capital-intensive programs and TSM programs to proceed in tandem.

Mr. LEVITAS. Your testimony you refer to the need for private sector involvement—which I strongly support. When this committee was having hearings in connection with this matter in Atlanta, we heard from the commissioner of transportation of the State of Georgia, Mr. Moreland. In his discussion of the implementation of rural transportation programs under a State bloc grant, he indicated that in providing transportation in rural areas that contracting with private sector transportation operators of various sorts was both the most efficient and economical and flexible way of achieving the purpose, and their program was pointed in that direction.

Do you have any view as to the greater degree of flexibility and tailoring of response by State transportation officials as opposed to what comes out of Washington in regarding private sector participation?

Mr. ORSKI. I think that I would certainly lean in favor of giving States the widest possible discretion in enlisting private operators in the provision of these rural transportation services, as indeed in some urban transportation services. It seems to me that the rural transportation scene is uniquely suited to the participation of small-scale transportation operators with limited fleets of vehicles, providing highly personalized, highly tailored services.

So that I personally would certainly look with great favor on giving the States complete flexibility in engaging private operators to provide these services.

Mr. LEVITAS. Thank you very much.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you, Mr. Mineta.

Mr. Clinger?

Mr. CLINGER. Thank you, Mr. Chairman.

Mr. Orski, one comment. One of the things that I have found is that over the years, the Federal Government, through one program or another, has purchased or provided masses of minibuses, but because of the limitations within the program, they can only be used for the specific purpose of that particular grant. So what you have oftentimes are minibuses sitting idle for days, but which could be utilized in an overall system.

Mr. ORSKI. Yes. I think this is an example, Mr. Clinger, of some of these barriers and obstacles that our laws and regulations have erected in the way of the most efficient use of existing resources. And I would probably add that particular point as a third recommendation to what this committee and DOT could do, really, to promote TSM, and that is to work toward abolition of some of these regulatory and institutional obstacles that today stand in the way.

Mr. MINETA. Thank you very, very much, Mr. Orski, for your time here today. We appreciate very much your being part of these hearings and contributing to the enlightenment of this committee.

Mr. ORSKI. Thank you, Mr. Chairman and gentlemen. I really appreciate the opportunity of appearing before you.

Mr. MINETA. I would like to add the biography of Mr. Orski for the record at this time. Also, I would like to enter into the record a research paper by Dr. John R. Pucher of the Department of Urban Planning at Rutgers University. This paper was presented by Dr. Pucher at the recent meeting of the Transportation Research Board, here in Washington, D.C., and deals with transit funding trends. I think it is important to understand how the funding picture has changed. Operating and capital subsidies by all levels of government have increased from $540 million in 1970 to close to $5.3 billion in 1978.

Dr. Pucher documents a marked shift in the responsibility for funding transit toward higher and higher levels of government; for example, from the city or town to the region in which the city or town are located, from the State to the Federal Government. By 1978, in fact, regional funding had become the single most important source of operating subsidies—31 percent of the total—with the Federal Government running second—24 percent—followed by local funding—20 percent—and the State with 18 percent. As recently as 1973, there was no Federal operating assistance and local governments carried the biggest share of the burden. Also by 1978, the Federal Government was funding 52 percent of all governmental spending for both capital and operating assistance, more than the combined contribution by State, regional, and local sources.

Pucher's statistics, incidentally, were generated from a study of financing in the Nation's 26 largest metropolitan areas, which account for about 75 percent of all transit ridership and almost 90 percent of the total nationwide transit subsidy.

What are his conclusions about this shift in funding responsibility? There are several:

One. Local incentives for cost control are being reduced. Local officials tend to understate the total costs of a project and have maintained highly unprofitable routes and types of service.

Two. The growth in regionwide taxing earmarked for transit has been accompanied by larger and larger deficits. A related study shows operating deficits in regions with dedicated revenues grew dramatically faster from 1977 to 1979 than areas without a dedicated tax source—34 percent to 14 percent. Again, this trend seems to work against local cost cutting and productivity improvements.

Three. Increased subsidization has produced little in either direct benefits to riders or social and environmental benefits.

Pucher concludes that his statistics "clearly indicate that something is very seriously wrong with the current subsidy program."

Dr. Pucher's paper is entitled, "Transit Financing Trends in Large U.S. Metropolitan Areas, 1973-78".

[The following was received for the record:]

Biographical Sketch of

C. KENNETH ORSKI

Mr. Orski, currently Vice President of a private foundation, the German Marshall Fund of the United States, served for four years as Associate Administrator for Policy of the Urban Mass Transportation Administration. Prior to that he was Director of Urban Affairs at the Organization for Economic Cooperation and Development (OECD) in Paris, where he served as a Foreign Service Officer on assignment from the U.S. Department of State.

Mr. Orski received his A.B. degree (*magna cum laude*) from Harvard College and a law degree from Harvard Law School. Upon graduation he joined the U.S. Atomic Energy Commission where he served as an attorney until 1961. Subsequently he became Assistant to the President of the General Dynamics Corporation (General Atomic Division) where he remained until 1967.

Mr. Orski has a long record of professional involvement in urban affairs and urban transportation which includes articles and newspaper columns, Congressional testimony, visiting lectureship at the University of Pennsylvania, membership on the editorial boards of three professional journals and consultancy with the National Transportation Policy Study Commission.

During his tenure at the Department of Transportation he was recognized on three separate occasions "for his exceptional achievement and contribution to the development and implementation of policies of national importance in urban transportation", "for enlightened development and advocacy of public transportation policy", and "for significant contributions toward creation of a strong public transportation program."

He lives with his wife, Barbara, in Chevy Chase, Maryland.

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TRANSIT FINANCING TRENDS IN LARGE U.S. METROPOLITAN AREAS, 1973-1978

John Pucher

Department of Urban Planning
Rutgers University

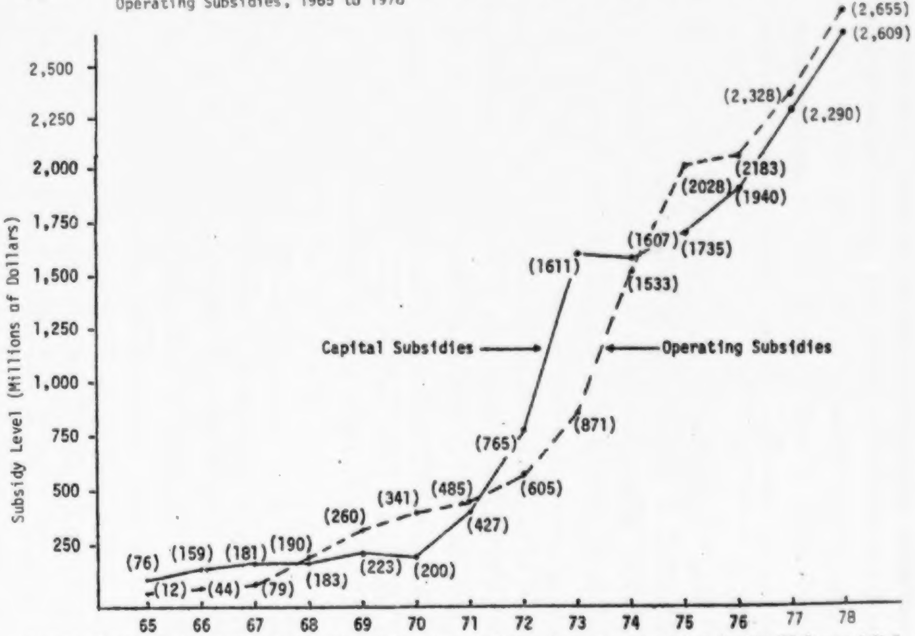
*
Paper prepared for presentation at the Transportation Research Board Meetings, Washington, D.C., January 21-25, 1980.

Introduction

Government financial assistance to mass transit in the United States has increased dramatically since 1970, when capital and operating subsidies combined amounted to only $540 million. By 1978, the total subsidy had grown to $5,264 million, an almost 10-fold increase in only 8 years. (See Figure 1.) This burgeoning of transit subsidization has prompted significant changes in the nature of government assistance. There has been a marked shift among government levels in the responsibility for transit financing, and new tax mechanisms have been adopted, particularly at the local and regional levels, to raise additional transit funds.

These shifts in financing arrangements have had important consequences both for the efficiency and the equity of the transit financing process. The incidence of tax burdens, for example, varies substantially by type of tax and by the level of government at which the tax is levied. Thus, shifts in these two variables may have considerably altered the distribution of the overall burden of transit taxation among socioeconomic groups and geographic regions. Moreover, shifts in funding responsibilities and tax mechanisms may have affected incentives for cost control by local transit agencies, and thereby the efficiency of transit operations and overall subsidy requirements. Another efficiency impact may arise from the effect of funding arrangements on the feasibility of comprehensive, long-range transit planning. The possibility of such planning, for example, is certainly enhanced by the earmarking

Figure 1. The Growth in Transit Capital Subsidies Relative to the Growth in Transit Operating Subsidies, 1965 to 1978



Source: Based on data collected by the author from individual transit agencies in the 26 largest U.S. metropolitan areas and on capital grant statistics provided by the Policy Analysis Office of UMTA.

Note: The subsidy figures include commuter rail.

of dependable and growing revenue sources specifically for transit subsidization. Finally, the nature of transit funding can substantially influence the political feasibility of raising any given amount of transit subsidy and, as a consequence, may significantly affect the very magnitude of the subsidy program as a whole.

These considerations of equity, efficiency, and political acceptability of transit financing arrangements are of primary importance. Before such impacts can be analyzed, however, it is necessary to establish quantitatively the actual patterns of financing and how these have changed over time. Such are the purposes of this paper: first, to document recent trends in the division of government responsibility for transit financing and shifts in the types of funding mechanisms employed, and second, to examine variations in transit financing arrangements among U.S. metropolitan areas and different regions of the country.

Because detailed data could not be obtained from all U.S. transit agencies, this report focuses on the financing of transit operations in the 26 largest metropolitan areas. These, at any rate, account for about 75% of all transit ridership in the U.S. and for almost 90% of the total nationwide transit subsidy. Transit funding arrangements may be considerably different in smaller metropolitan areas, but clearly the impact of these--on a national scale--is overwhelmed by the far greater magnitude of subsidization in the very large urban areas to be examined here.

The first section of this paper examines in detail operating subsidy funding in the largest metropolitan areas. The second section briefly discusses corresponding nationwide trends in capital subsidy financing.

Operating Subsidies

As shown in Table 1, transit operating subsidies in the largest U.S. metropolitan areas increased dramatically from 1973 to 1978. In 1973, the aggregate subsidy in the 26 largest areas was $829 million, compared to $2,389 in 1978, representing almost a 3-fold increase over the period and an average annual rate of growth of 24%.

Funding increased at every level of government to help cover the burgeoning transit deficit, but the extent of subsidy growth varied considerably. Federal funding, for example, increased by $567 million over the 1973 level, and the proportion of the total deficit covered by Federal assistance increased from 0% to 24%. Regional funding also grew rapidly, although not quite as dramatically. The absolute amount of the increase in regional funding was only slightly less than the Federal increase ($508 million), and this raised the regionally-funded proportion of the total deficit from 27% to 31%. In contrast, the state and local portions of the total operating subsidy in these 26 areas actually decreased. The local contribution, for example, fell from 34% of the total in 1973 to only 20% in 1978 although the local subsidy grew by $189 million. The state proportion of funding fell from 23% to 18% despite a more than doubling in the amount of that subsidy, from $187 million in 1973 to $433 million in 1978.

By 1978, regional funding had become the single most important

Table 1. Sources of Transit Operating Subsidies For 26 Large Metropolitan Areas, Aggregate, 1973-1978

(Amounts in Millions of Dollars, Percentages in Parentheses)

Type of Funding	Year					
	1973[b]	1974	1975	1976	1977	1978
Federal	0	42.2 (3.5)	282.3 (16.7)	422.5 (21.5)	477.0 (22.8)	566.8 (23.7)
State	186.7 (22.5)	357.2 (29.2)	435.9 (25.7)	419.6 (21.4)	391.1 (18.7)	432.7 (18.1)
Regional[a]	224.2 (27.0)	310.5 (25.4)	476.3 (28.1)	565.7 (28.8)	639.0 (30.5)	732.5 (30.7)
Local	283.4 (34.2)	394.0 (32.2)	372.0 (21.9)	397.8 (20.2)	406.9 (19.4)	472.3 (19.8)
Total Government Aid	694.3 (83.7)	1,103.9 (90.3)	1,563.5 (92.4)	1,805.8 (91.9)	1,914.1 (91.4)	2,204.5 (92.3)
Bridge and Tunnel Tolls and Cross-Subsidies from Airport and Marine Operations	120.0 (14.5)	99.2 (8.1)	106.6 (6.3)	133.2 (6.8)	160.5 (7.7)	168.5 (7.1)
Cross-Subsidies from Utility Operations	10.6 (1.3)	13.9 (1.1)	10.9 (.6)	11.2 (.6)	11.8 (.6)	7.1 (.3)
Cross-Subsidies from Freight Operations	4.5 (.5)	5.7 (.5)	11.2 (.7)	15.2 (.8)	8.8 (.4)	9.3 (.4)
Other Sources, Total	135.1 (16.3)	118.8 (9.7)	128.6 (7.6)	159.6 (8.1)	181.1 (8.6)	184.9 (7.7)
Total Transit Subsidy	829.4 (100)	1,222.7 (100)	1,694.9 (100)	1,965.3 (100)	2,095.1 (100)	2,389.4 (100)

Source: Calculated from data provided by individual transit agencies.

a: Funding was classified as regional if there existed an explicit (or nearly so) metropolitan-wide financing mechanism. Uniform county taxes were also classified as regional provided the county was large enough to include most of the metropolitan area.

b: The data for 1973 exclude San Francisco, Washington, and Denver; it was not possible to obtain consistent 1973 financing statistics for these areas.

source of operating subsidies (31% of the total), Federal funding the next most important (24%), then local funding (20%), and then state funding (18%). This situation represented a striking contrast to the 1973 financing arrangement where Federal assistance was non-existent and local aid was the most important. Thus, as the overall burden of operating subsidization has grown in the U.S., the responsibility for financing transit has shifted to higher and higher levels of government--from the city to the region, and from the region or state to the Federal government.

Table 1 also documents the decline in non-governmental funding sources, such as the proceeds from bridge and tunnel tolls, which accounted for most of these funds. Overall, non-governmental funding increased by $50 million, but its proportion of total operating subsidy funding fell from 16% to only 8%.

Disaggregation of the nationwide totals of Table 1 reveals substantial variation in funding arrangements by region of the country. Regional-level funding, for example, is much more important in the West and the Great Lakes regions than elsewhere, accounting for about 60% of the total operating subsidy. (See Table 2.) Regional funding is least significant in the Northeast, where it accounts for only 11% of the total. The relative importance of state funding also varies substantially. State aid was quite extensive in the Great Lakes region and the Northeast, while very insignificant in the South and the West. Local operating assistance was most substantial in the Northeast and the South and least substantial in the Great Lakes area.

The differential regional reliance on non-governmental

Table 2. Sources of Transit Operating Subsidies For 26 Large Metropolitan Areas, Aggregated by Region, 1978

(Amounts in Millions of Dollars, Percentages in Parentheses)

Type of Funding	Region					Total All Regions
	Northeast[a]	Great Lakes[b]	Interior River[c]	South[d]	West[e]	
Federal	294.3 (22.4)	102.8 (26.7)	47.7 (33.6)	27.8 (25.6)	94.2 (21.4)	566.8 (23.7)
State	355.7 (27.1)	37.8 (9.8)	37.1 (26.1)	1.6 (1.5)	1.0 (.1)	432.7 (18.1)
Regional[f]	148.3 (11.3)	238.0 (61.9)	43.3 (30.5)	44.2 (40.7)	259.0 (58.8)	732.5 (30.7)
Local	356.7 (27.1)	5.7 (1.5)	13.8 (9.7)	27.9 (25.7)	68.2 (15.5)	472.3 (19.8)
Total Government Aid	1,155.0 (87.9)	384.2 (100)	141.9 (100)	101.5 (93.4)	421.9 (95.8)	2,204.5 (92.3)
Bridge and Tunnel Tolls and Cross-Subsidies from Airport and Marine Operations	159.4 (12.1)	0	0	0	9.1 (2.1)	168.5 (7.1)
Cross-Subsidies from Utility Operations	0	0	0	7.1 (6.5)	0	7.1 (.3)
Freight Cross-Subsidies	0	0	0	0	9.3 (2.1)	9.3 (.4)
Other Sources, Total	159.4 (12.1)	0	0	7.1 (6.5)	18.4 (4.2)	184.9 (7.7)
Total Transit Subsidy	1,314.4 (100)	384.2 (100)	141.9 (100)	108.7 (100)	440.3 (100)	2,389.4 (100)

Source: Calculated from data provided by individual transit agencies.

a -Includes Boston, New York, Philadelphia, Baltimore, and Washington.
b -Includes Buffalo, Cleveland, Detroit, Chicago, and Milwaukee
c -Includes Kansas City, St. Louis, Pittsburgh, Cincinnati, and Minneapolis-St. Paul
d -Includes Miami, Houston, Dallas, Atlanta, and New Orleans
e -Includes Los Angeles, San Diego, San Francisco, Denver, Seattle, and Portland
f -Funding was classified as regional if there existed an explicit (or nearly so) metropolitan-wide financing mechanism.

funding is also noteworthy. Roughly 86% of these funds were found in the Northeast in the form of bridge and tunnel toll proceeds. Other regions either did not rely on such funding sources at all or only covered a very small percentage of their operating deficits in this manner.

Of course, there is also significant variation in transit financing arrangements among individual cities. Table 3 documents the stiking differences among urban areas in the percentage of their transit operating subsidies that are derived from Federal and state sources. At one extreme is Baltimore, which receives all of its funding either from the State of Maryland or the Federal government. At the other extreme is Houston, which in 1978 received no Federal or state operating funds at all. It is noteworthy that some cities receiving very generous state funding (such as Boston) suffer from proportions of Federal funding that are far below average. Conversely, some cities with very generous Federal funding (such as New Orleans, Dallas, and Kansas City) receive little or no state assistance. On the basis of Table 3, one may conclude that urban areas differ greatly in the extent to which they have been able to shift the burden of transit subsidization from the local and regional levels to the state and Federal levels. Such differences may have had important consequences for the equity and efficiency of the transit financing arrangements in each area. Whatever the precise impacts may have been, the tremendous variation in funding responsibility among government levels suggests correspondingly significant variation among cities in the ultimate equity and efficiency impacts.

Table 3. State and Federal Assistance as a Percentage of Total Operating Subsidy in Each Urban Area, 1978

	Federal	State	Total
Baltimore	50.0	50.0	100.0
Milwaukee	56.6[a]	28.9	85.5
Pittsburgh	32.4	51.6	84.0
Philadelphia	37.7	44.0	81.7
Buffalo	58.5[a]	20.8	79.3
Detroit	48.5	24.0	72.5
Minneapolis	25.2	40.3	65.5
Boston	13.4	49.4	62.8
New Orleans	53.5[a]	8.3	61.8
Cincinnati	37.8	17.1	54.9
Dallas	45.5	0	45.5
Kansas City	44.3	0	44.3
Los Angeles	42.9	.2	43.1
New York	21.7	21.3	43.0
Miami	39.5	0	39.5
St. Louis	37.1	0	37.0
San Diego	31.2	0	31.2
Chicago	20.1	8.4	28.5
Washington	17.4	6.0	23.4
Cleveland	18.6	1.0	19.6
Portland, Or.	19.5	0	19.5
San Francisco	14.5	0	14.5
Atlanta	13.8	0	13.8
Seattle	7.9	.6	8.5
Denver	8.3	0	8.3
Houston	0	0	0

Source: Calculated on the basis of data provided by transit agencies in each metropolitan area.

a: Indicated percentages exceed the statutory maximum of 50% Federal operating assistance due to the peculiar timing of Section 5 grants in these areas and the accounting procedures used by individual transit agencies.

This intercity variation arising from differential governmental division of funding responsibility is compounded by variations among cities in the specific types of tax mechanisms employed, the geographic scope of their coverage, and particular provisions with respect to the definition of the tax base. Regionwide, uniform sales taxes, for example, are the primary means of financing in Chicago, Cleveland, St. Louis, Los Angeles, Atlanta, Denver, and San Diego, where regional transportation agencies are responsible for coordinating transit services in their areas and have been delegated the authority to levy a percentage of the general sales tax specifically for transit funding. Regional transit agencies have also been important in coordinating the operations and financing of transit services in Boston, Philadelphia, Minneapolis, Milwaukee, Buffalo, and Miami, although uniform regionwide taxes have not been specifically earmarked for the subsidization of transit in these metropolitan areas. Except in Minneapolis--which has a general-purpose regional property tax--the transit authority assigns to each locality a percentage of the total regional transit deficit.

Other differences in specific subsidy mechanisms are also considerable. New Orleans, for example, is unique among large U.S. cities in that a large proportion of its transit deficit is financed from the profits of the utility company that runs the city's transit service. In the New York area, more than $130 million a year is transfered from the surplus toll revenues of bridge and tunnel authorities to offset transit deficits. (New York accounts for over 95% of nationwide toll revenues used for

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Table 4. Tax Revenue Sources for Government Operating Subsidies to Transit, Aggregate, 26 Largest U.S. Metropolitan Areas, 1978

Level of Government/Type of Tax*	Amount (Millions of Dollars)
Federal**	$ 566.8
Individual Income Tax	317.4
Corporation Profits Tax	158.7
Other	90.7
State	437.2
Sales Taxes	215.3
Individual Income Tax	111.8
Property Tax	4.3
Other ***	101.3
Local and Regional	1,204.8
Sales Taxes	414.0
Motor Vehicle Taxes	48.2
Gasoline Taxes	48.5
Property Tax	447.1
Mortgage Recording Taxes	12.5
Earnings Tax	6.6
Payroll Tax	20.0
Unidentified Non-Property Taxes ***	207.8
Total Government Subsidy ****	2,204.5

Source: Based on data collected by the author from individual transit agencies and on statistics in the U.S. Census of Governments, Vol. 4. No. 5, Table 46 and Vol. 5, Table 12.

* Where taxes were not specifically earmarked for transit subsidization, the operating subsidy in each metropolitan area was distributed according to the composition of local general revenues in each specific area. The same procedure was followed at the state level. The state and local figures do not indicate any allowance for the Federal contribution to general fund coffers via revenue-sharing grants. These accounted for about 4% of state-local revenues. Ultimately, therefore, Federal taxes accounted for an even higher proportion of total operating subsidies than shown in the table, and state-local taxes, a lower percentage than indicated.

** There are no taxes at the Federal level specifically earmarked for transit. Therefore, amounts of specific taxes under this category reflect the composition of general revenues only, excluding payroll taxes for social security.

***The author is currently in the process of identifying these by specific tax type

****This total excludes about $400 million in operating subsidies to transit in smaller urban areas and also excludes about $185 million in non-government operating subsidies (such as bridge and tunnel tolls) in the larger areas.

this purpose.) Much of the Massachusetts subsidy to Boston area transit is derived from the cigarette tax, while gasoline and motor vehicle excise taxes are a significant source of regional subsidy funds in Chicago, Seattle, and Detroit and the sole source of state subsidy to transit in the Miami area. Cincinnati relies heavily on a city-wide employee payroll tax (or earnings tax); Portland also uses a payroll tax, but it is regionwide and is paid by the employer rather than the employee. The reduced fares for senior citizens in Philadelphia are subsidized by the proceeds of the state lottery. The Metropolitan Transportation Authority of New York finances part of its commuter rail operations from the proceeds of a mortgage recording tax levied in counties served by its lines.

A perusal of Table A in the Appendix will reveal yet more examples of differences among urban areas in the types of tax mechanisms employed. Clearly, however, even on the basis of the few examples cited above, there is considerable variation in the types of mechanisms used to raise funds specifically for transit subsidies. Moreover, even the subsidy funds derived from general revenues at either the state or local level are indirectly supported by tax mixes that differ greatly from one state to another and among cities as well.[1]

The aggregate distribution of operating subsidy funds by level of government and by tax type for the 26 largest U.S. metropolitan areas is displayed in Table 4. The figures indicate that 29% of the total government operating subsidy is derived from sales taxes,

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[1] 1972 Census of Governments, Government Finances, Vol.4, No.5, Table 46 and Local Government in Metropolitan Areas, Vol.5, Table 12.

20% from individual income or payroll taxes, 20% from property taxes, 8% from corporation profits taxes, and 4% from excise taxes on gasoline and motor vehicles. (The percentages for each tax--except the property tax--will increase somewhat when the unidentified taxes are identified by specific type.)

Capital Subsidies

Detailed statistics were not collected on the financing of capital subsidies in each of the 26 largest metropolitan areas. There are two reasons for this: first, it is difficult to ensure consistent amortization of capital subsidy funding statistics across different urban areas, and variations may significantly alter the patterns of variation in financing indicated by the reported data; and second, the state and local portion of capital funding is so small relative to the Federal contribution, that differences in state and local financing arrangements are far less consequential in aggregate than is the case for operating subsidies.

It is noteworthy, however, that the steadily increasing Federal contribution to operating subsidization has been preceded by a corresponding (albeit discontinuous) increase in the Federal share of capital funding. Initiated in 1964, Federal capital assistance grew from only $51 million in that year, to $133 million in 1970, to $956 million in 1974, the first year in which Federal operating subsidies were granted. Since 1974, Federal capital funding has more than doubled, reaching $2,100 million in 1978.[2] In addition to the increased total amount of Federal contribution, various legislation has set the Federal matching percentage at successively higher statutory levels. From 1964 until 1974, the Federal share of capital projects was discretionary, but could not exceed 2/3. Since then, most project grants have entailed 80% Federal funding, so that state, local, and regional governments pay only a fifth of transit capital costs, in contrast to the 3/4 share of operating subsidy costs they bear.

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[2] Calculated by the author from unpublished data provided by the Office of Policy Analysis of the Urban Mass Transportation Administration.

Conclusions and Policy Implications

The rapid growth in the nation's transit subsidy program has had profound impacts on the nature and composition of transit financing. Two trends have been most prominent. First, there has been a marked shift toward the use of regionwide taxes dedicated exclusively to transit subsidization. Second, the responsibility for financing has shifted to higher and higher levels of government. Especially notable has been the sharp increase in Federal financing. Prior to 1965, there was no Federal subsidy, and even as late as 1970, the Federal contribution was overwhelmed by the state, regional, and especially local contributions. By 1978, however, the Federal government actually funded a greater percentage of the total operating and capital transit subsidy in the U.S. than all other government levels combined (52%).

There can be little doubt that these two key trends in transit financing have significantly reduced local incentives for cost control. Increased Federal aid has sharply reduced the proportion of transit costs directly relevant to local governments. As a result, when weighing the costs and benefits of proposed capital projects, local officials have tended to understate substantially the total costs and thus have undertaken projects whose benefits fall far short of total costs yet exceed the small local cost share. Similarly, urban areas receiving increasingly generous Federal operating assistance have initiated and/or maintained highly unprofitable routes and types of services that local officials almost certainly would not have been willing to support on their own.

This impact of Federal involvement has been compounded by the adoption in numerous areas of metropolitan-wide taxes earmarked specifically for transit. Most such taxing arrangements automatically yield a growing tax revenue stream over time even if statutory rates remain constant. Although such dependable subsidy growth enhances the feasibility of long-range planning, it also reduces the need for local transit authorities to eliminate highly unprofitable services, to bargain for small labor wage settlements, and to increase the productivity of their operations. It is not surprising, then, that a recent study found that operating deficits in areas with tax revenues dedicated to transit grew dramatically faster from 1977 to 1979 than those in areas without such earmarked taxation (34% vs. 14%).[3]

Largely as a result of lagging productivity, skyrocketing costs, and unwise investment decisions, increased transit subsidization has produced disappointingly little in the way of either direct benefits to riders or indirect social and environmental benefits such as pollution and congestion reduction or energy conservation. From 1970 to 1978, transit subsidies grew by 875%, but total ridership in the U.S. increased by only .5%, and vehicle miles of transit service increased by only 8%. During the same period, operating cost per transit vehicle mile increased 119%, and the cost per passenger increased 132%. Even controlling for the 68% rate of inflation from 1970 to 1978, the resulting "real" cost increases (in constant dollars) were very large (31% in cost/mile and 41% in cost/passenger).[4]

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[3] Alice Kidder, "Alternatives Analysis in the Financing of Multijurisdictional Public Transportation Services," paper presented at the January 1980 meetings of the Transportation Research Board.

These statistics clearly indicate that something is very seriously wrong with the current subsidy program. Instead of producing better transit service, it has primarily produced more expensive transit service. Simply throwing money at transit certainly has not and will not solve America's urban transportation problems. There is no question but that the increased subsidization of transit is desirable for a variety of reasons. And it is particularly appropriate that a sizable portion of the proposed Windfall Profits Tax revenues be devoted to the financial support of transit services. But it is absolutely essential that these funds as well as existing funding sources be targetted specifically to achieve the desired goals of transit subsidization at minimum possible cost.

Especially in light of the projected increase in Federal funding, efforts must be made to ensure that such subsidies do not further distort capital investment decisions or erode incentives for local cost control. One possible approach would be to redesign the Federal subsidy formula to reward those areas that achieve cost savings, attract new riders, or significantly improve the quality of their service. Alternatively, a substantial portion of the new funding could be earmarked for user-side subsidies that go directly to transit riders rather than to transit operators. This would force transit agencies to offer more and/or better service at the lowest possible cost. Those operators that failed to do so would not attract as much patronage and thus would not receive as much Federal subsidy. Since state and local governments would have an incentive to maximize the Federal subsidy, these governments might be expected to strongly encourage local operators to satisfy these criteria for maximum possible Federal aid.

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[4] American Public Transit Association, Transit Fact Book, 1979-80 Edition.

Table A A Detailed Listing of Transit Operating Subsidy Funding Sources for 26 Large U.S. Metropolitan Areas (Amounts in Thousands of Dollars)

Urban Area/Funding Source	Year 1973	1974	1975	1976	1977	1978
1. New York						
Federal (UMTA)	0	25,000	185,563	174,129	161,887	184,695
State of New York	0	123,500	149,200	114,700	91,370	91,608
State of New Jersey	22,249	38,834	55,220	55,695	65,147	76,430
State of Connecticut	2,971	7,612	9,075	9,559	9,303	12,859
City of New York[1a]	173,000	247,470	234,355	241,407	245,582	275,997
MTA Assessments to Local Governments (including N.Y. City)						
Mortgage Recording Tax	13,311	11,047	7,208	8,257	10,042	12,519
Station Assessments	19,690	17,767	21,848	36,133	27,998	23,303
Local Share of Commuter Rail Operating Assistance Program	0	20,000	15,000	20,000	20,300	20,000
Bridge and Tunnel Tolls[1b] (Triborough & Port Authority)	120,036	95,254	101,728	129,787	146,236	152,251
Total (all sources)	352,257	586,484	779,197	789,667	777,865	849,932
2. Boston						
Federal (UMTA)	0	6,241	11,173	16,869	22,200	26,628
State of Massachusetts[2a]	54,925	58,920	73,474	77,938	84,765	98,243
Local Cities and Towns (Property Tax)	52,342	64,220	64,703	68,920	78,975	74,049
Total (all sources)	107,267	129,381	149,350	163,727	185,940	198,920

Source: Compiled on the basis of data supplied by individual transit agencies in each metropolitan area.

Note: The amounts in the table represent the total subsidy for all transit modes including commuter rail. Superscripts within the table indicate that an explanation of the specific subsidy figures designated is given at the end of the table.

Urban Area/Funding Source	1973	1974	1975	1976	1977	1978
	Year					
3. Philadelphia						
Federal (UMTA)	0	2,293	15,959	33,403	38.884	52,043
State of Pennsylvania	46,568	56,043	56,317	61,282	61,315	60,761
Local Counties (including Philadelphia)	11,668	16,008	19,305	22,775	21,902	18,385
Bridge Tolls (Port Authority)3a	0	3	701	566	7,097	6,901
Total (all sources)	58,236	74,347	92,282	118,026	129,198	138,090
4. Baltimore						
Federal (UMTA)	0	0	4,254	7,338	10,349	12,539
State of Maryland (primarily gasoline tax, motor vehicle fees and excise taxes)	2,789	6,723	9,027	9,310	10,349	12,539
Total (all sources)	2,789	6,723	13,281	16,648	18,491	21,967
5. Washington, D.C.						
Federal (UMTA)	n.a.	0	6,893	11,489	15,612	18,404
District of Columbia and Counties in Virginia & Maryland	n.a.	17,312	35,089	45,846	57,614	80,708
State of Virginia	n.a.	400	0	0	0	0
State of Maryland	n.a.	0	3,000	4,000	5,437	6,379
Total (all sources)	n.a.	17,712	44,982	61,335	78,663	105,491
6. Buffalo						
Federal (UMTA)	0	0	370	2,532	3,348	4,989
State of New York	0	1,180	1,770	1,770	1,770	1,770
Erie and Niagara Counties	0	1,180	1,770	1,770	1,770	1,770
Total (all sources)	0	2,360	3,910	6,072	6,888	8,529
7. Cleveland						
Federal (UMTA)	0	600	3,439	6,903	11,647	11,233
State of Ohio	0	130	151	615	577	600
Cuyahoga County (Sales Tax)	0	0	5,857	37,759	44,044	48,531
City of Cleveland	0	730	0	0	0	0
Total (all sources)	0	1,460	9,447	45,277	56,268	60,364

Urban Area/Funding Source	Year 1973	 1974	 1975	 1976	 1977	 1978
8. Detroit						
Federal (UMTA)	0	6,470	10,715	18,530	25,623	29,999
State of Michigan (Gas Tax)	5,958	5,504	7,655	6,937	8,996	14,830
Regional tax on vehicle registrations and title transfers	0	0	0	0	2,057	13,553
City of Detroit	9,387	10,056	7,723	8,110	0	2,700
Total (all sources)	15,345	22,030	26,093	33,577	37,521	61,842
9. Chicago						
Federal (UMTA)	0	0	0	49,358	49,598	49,290
State of Illinois - Operating Assistance (Gas Tax)	24,600	27,538	0	0	0	0
State of Illinois - Reduced Fare Reimbursement[9a]	10,877	19,188	21,023	20,324	20,001	20,556
Regional Transportation Sales Tax	0	34,228	89,186	89,305	98,838	110,595
Regional Motor Vehicle Registration Fee	0		24,049	15,714	15,602	16,162
Public Transportation Tax (Regional 5% tax on motor fuels)	0	0	0	0	0	43,536
Cook County (Gas Tax)	5,000	1,000	1,000	1,000	2,000	2,000
Chicago (Gas Tax)	7,300	700	700	1,500	3,000	3,000
Suburban Towns	92	302	227	80	n.a.	n.a.
Rail Freight Cross-Subsidy[9b]	n.a.	n.a.	3,145	6,057	n.a.	n.a.
Total (all sources)	47,869	82,954	139,330	183,338	189,039	245,139
10. Milwaukee						
Federal (UMTA)	0	0	1,454	3,624	5,457	7,240
State of Wisconsin	0	0	1,255	1,979	2,198	3,703
County of Milwaukee (Property tax)	0	0	577	1,476	1,832	1,852
Total (all sources)	0	0	3,286	7,078	9,487	12,795
11. Pittsburgh						
Federal (UMTA)	0	0	7,168	7,335	9,200	13,000
State of Pennsylvania	13,290	15,113	22,118	18,012	19,800	20,700
Allegheny County	4,932	3,635	5,946	5,700	6,400	6,400
Total (all sources)	18,222	18,748	34,425	31,047	35,400	40,100

Urban Area/Funding Source	Year 1973	1974	1975	1976	1977	1978
12 Cincinnati						
Federal (UMTA)	1,186	1,616	2,750	4,356	4,936	5,611
State of Ohio	0	0	0	0	0	3,546
Hamilton County	60	72	72	72	72	72
City of Cincinnati (Earnings Tax)	1,803	5,449	5,790	7,397	8,082	6,632
Total (all sources)	3,049	7,137	8,612	11,825	13,090	14,861
13. St. Louis						
Federal (UMTA)	0	0	0	7,876	6,828	14,782
State of Illinois	627	15	0	0	0	0
Illinois Downstate Transportation Fund (Sales Tax)	0	0	3,332	2,832	3,989	4,913
Regional Transportation Sales Tax	0	11,785	14,723	13,050	19,681	20,102
City of St. Louis and St. Louis County	1,976	0	0	0	0	0
Total (all sources)	2,603	11,801	18,065	23,758	30,498	39,797
14. Minneapolis-St. Paul						
Federal (UMTA)	0	0	8,907	0	8,628	8,628
State of Minnesota	0	3,980	3,211	16,309	10,841	13,816
Regional Property Tax	6,713	7,641	6,548	9,019	11,202	11,829
Total (all sources)	6,713	11,621	18,666	25,328	30,671	34,273
15. Kansas City						
Federal (UMTA)	0	0	1,536	2,801	4,991	5,692
City of Kansas City (Sales Tax)	3,515	5,727	7,403	8,869	5,893	6,296
Other Local Governments	149	592	770	1,245	804	859
Total (all sources)	3,664	6,317	9,709	12,915	11,688	12,847
16. Atlanta						
Federal (UMTA)	0	0	2,419	3,346	4,098	4,977
Regional Transit District (Sales Tax)[16a]	17,572	20,971	23,142	26,014	28,594	30,971
Total (all sources)	17,572	20,971	25,561	29,360	32,692	35,948

Urban Area/Funding Source	1973	1974	1975	1976	1977	1978
17. Miami						
Federal (UMTA)	0	0	3,932	6,000	8,074	8,641
State (Gasoline Tax)	0	0	0	84	26	0
Dade County (Property Tax)	3,688	5,425	4,600	7,957	11,046	13,220
Total (all sources)	3,688	5,425	8,532	14,142	19,146	21,861
18. New Orleans						
Federal (UMTA)	0	0	0	0	3,192	10,265
State of Louisiana	0	0	0	0	0	1,592
Local (City of New Orleans and Jefferson Parish)	0	0	366	653	n.a.	340
Cross-Subsidy From Utility Operations	10,596	13,877	10,858	11,192	11,803	7,106
Total (all sources)	10,596	13,877	11,224	11,845	14,995	19,263
19. Houston						
City of Houston	0	1,044	4,561	8,993	14,066	23,247
20. Dallas						
Federal (UMTA)	0	0	1,500	2,191	3,197	3,579
City of Dallas	0	1,704	2,728	3,968	3,566	4,294
Total (all sources)	0	1,704	4,228	5,159	6,763	7,873
21. Denver						
Regional Sales Tax	n.a.	5,429	12,329	13,638	32,967	36,629
Federal	0	0	0	0	0	3,050
Local Governments (Property Tax)	n.a.	0	0	4,578	0	0
Total (all sources)	n.a.	5,429	12,329	18,216	32,967	39,679
22. San Diego						
Federal (UMTA)	0	0	0	5,076	6,891	5,965
Regional Sales Tax (LTF)	n.a.	n.a.	4,953	7,287	8,032	10,181
City of San Diego	n.a. 4,654	n.a. 6507	3,654	1,548	2,122	2,969
Other Cities	n.a.	n.a.	21	21	17	21
Total (all sources)	4,654	6,507	8,628	13,932	17,062	19,136

	Urban Area/Funding Source	Year					
		1973	1974	1975	1976	1977	1978
23.	Los Angeles						
	Federal (UMTA)	0	0	16,500	28,506	44,524	49,458
	Los Angeles County	727	6,380	13,639	21,772	4,536	5,200
	Regional Sales Tax (LTF)	32,027	41,172	51,919	59,904	65,619	60,373
	State of California	0	0	0	0	1,171	235
	Total (all sources)	32,754	47,552	82,058	110,182	115,850	115,266
24.	San Francisco						
	Federal (UMTA)	n.a.	0	4,629	11,815	22,763	26,904
	Regional Transportation Sales Tax (LTF)	n.a.	9,916	11,361	13,823	27,593	37,989
	City of San Francisco[25b]	n.a.	36,133	31,680	38,156	47,280	48,907
	City of Oakland and Suburban Counties[24c]	n.a.	20,098	17,461	20,807	18,919	15,913
	BART District Property Tax	n.a.	n.a.	4,410	5,029	5,170	22,610
	BART District Sales Tax[24d]	n.a.	n.a.	4,000	21,021	28,700	19,548
	BART Sales Tax Revenue Bonds[24e]	n.a.	n.a.	20,000	5,195	n.a.	n.a.
	Bridge Tolls[24f]	n.a.	2,962	4,125	2,799	7,142	9,106
	Cross-Subsidy from Rail Freight Profits (Southern Pacific)	4,503	5,702	8,021	9,187	8,800	9,300
	Total (all sources)[24g]	n.a.	75,811	105,687	127,832	166,367	190,277
25.	Portland						
	Federal (UMTA)	0	0	1,660	2,767	5,063	4,833
	Regional Employer Payroll Tax	8,395	7,334	9,009	12,418	16,084	19,985
	Total (all sources)	8,395	7,334	10,669	15,185	21,147	24,818
26.	Seattle						
	Federal (UMTA)	0	21	111	5,990	0	4,038
	Regional Motor Vehicle Excise Tax[26a]	3,000	4,512	5,121	12,044	21,809	18,529
	Regional Sales Tax (King County)	12,530	15,077	16,620	18,410	22,133	27,909
	State Business Tax Exemption	188	195	240	254	273	300
	City of Seattle and other local Governments	91	134	113	114	253	367
	Total (all sources)	15,809	19,939	22,205	36,812	44,468	51,143

Notes to Table A

(Note numbers correspond to city numbers in table).

1.a. The figures for New York City include compensation for transit police service (about $120million annually) and support for reduced fares for school children, the elderly, and the handicapped (about $80 million annually). They do not incorporate the city's expenses in repaying the transit debt (about $170 million each year). The last two figures appear in the Regional Plan Association's, "Financing Public Transportation," March 1976, p. 12.

1.b. About $38 million operating subsidy is provided by the bridge and tunnel tolls of the Port Authority of New York and New Jersey to support its PATH rail rapid transit lines. About $115million per year of the proceeds of the tolls of the Triborough Bridge and Tunnel Authority is transferred directly to the NYC Transit Authority and the MTA to cover operating losses.

2.a. About $17 million of each year's state contribution is derived from cigarette taxes; the remainder comes from general revenues.

3.a. The Port Authority uses its toll revenues to support the operations of the Lindenwald Hi-Speed rail rapid transit line between Philadelphia and its New Jersey suburbs.

9.a. This subsidy covers the cost of reduced fares for the elderly, handicapped, and school children on the CTA.

b. This amount is equal to the difference between the operating loss attributable to provision of commuter rail service and the payments received.

12.a. The federal subsidy figures for 1973 and 1974 almost certainly include capital subsidies.

16.a. The total proceeds of the regional transit sales tax far exceeded the amounts shown, but a considerable portion is used for capital improvements. The operating portion, that shown, was set equal to the difference between the total operating deficit and the federal operating assistance.

18.a. The Public Service Co. of New Orleans (the gas and electric firm for the region) provides transit service and covers the loss from its profits on utility operations.

19.a. These are federal revenue-sharing funds, but are classified as a local subsidy because, unlike UMTA Section 5 subsidies, the use of these for support of transit precludes their use for non-transit

Notes to Table A (continued)

19.a. (continued)
city expenditures, which in effect, thus requires raising this amount from other city taxes.

22.a. The regional transportation sales tax is collected by the State of California in the San Diego metropolitan region and returned to the region for transportation uses (including transit subsidization).

23.a. The regional transportation sales tax is collected by the State of California in the Los Angeles metropolitan region and returned to the region for transportation uses (including transit subsidization).

24.a. The regional transportation sales tax is collected by the State of California in the San Francisco metropolitan region and returned to the region for transportation uses (including transit subsidzation).

b. For support of the San Francisco Municipal Railway (MUNI).

c. For support of AC Transit and Golden Gate Transit.

d. This is a transactions and use tax originally intended for capital subsidy only but currently used for operations.

e. The amounts shown were spent exclusively for operations.

f. The figures only include Golden Gate Bridge toll proceeds used to subsidize bus and ferry transit to Marin and Sonoma counties.

g. The 1973 total does not include BART sales or property taxes.

26.a. Not all of the proceeds of this tax are used for operating purposes.

Mr. MINETA. At this time, I would like to call on Sydney D. Berwager, Acting Director of the Systems Utilization Division, Office of Transportation Programs, U.S. Department of Energy, accompanied by Robert J. Conly, Planner, Office of Transportation Programs, and Lewis W. Shollenberger, Jr., Deputy Assistant General Counsel.

TESTIMONY OF SYDNEY D. BERWAGER, DIRECTOR, TRANSPORTATION UTILIZATION DIVISION, OFFICE OF TRANSPORTATION PROGRAMS, U.S. DEPARTMENT OF ENERGY, ACCOMPANIED BY ROBERT J. CONLY, PLANNER, OFFICE OF TRANSPORTATION PROGRAMS, AND LEWIS W. SHOLLENBERGER, JR., DEPUTY ASSISTANT GENERAL COUNSEL

Mr. BERWAGER. Mr. Chairman and members of the subcommittee, my name is Sydney Berwager, and I am the Director of the Systems Utilization Division of the Office of Transportation Programs within the Department of Energy's Office of Conservation and Solar Energy. I serve as the person responsible for the development and implementation of programs that provide information and assistance on energy conservation in transportation to consumers, industry, and State and local governments. I am also responsible for the development and commercialization of efficient technology for rail, marine, air, and pipeline transportation systems.

I appreciate this opportunity to appear before you today. My testimony will briefly cover the subjects of energy conservation in transportation, and Department of Energy (DOE) activities which might interest the subcommittee, with emphasis on the Emergency Energy Conservation Act (EECA) of 1979.

Transportation is responsible for 25 percent of the total national energy consumption, is nearly 100 percent dependent on petroleum-based fuels, and consumes more than 50 percent of all petroleum used in the United States. Its consumption of imported oil creates a major impact on the Nation's balance of payments and contributes heavily to our already demonstrated vulnerability to petroleum supply disruptions.

Exhibit 1 indicates current levels of petroleum consumption by the various transportation modes and a projection of what might be consumed in the year 2000. Automobiles and trucks currently account for approximately 75 percent of total transportation energy consumption. Airplanes, marine vessels, pipelines, railways, buses, and other modes represent 25 percent. The passenger car is the largest single petroleum user, consuming more than half of the petroleum used by the entire transportation sector.

Estimates of future petroleum consumption depend largely on projections of economic growth, supplies, and costs of energy. The projections shown in exhibit 1 are based on economic growth and fuel price projections contained in the Energy Information Administration's Second Annual Report to Congress.

exhibit 2 indicates the energy intensity of various passenger transportation modes. Energy intensity is defined as energy use per unit of productive output—in this case, passenger-miles of travel—and has been the subject of several special studies undertaken by Oak Ridge National Laboratory for DOE. The information in exhibit 2 represents a summary of findings of these extensive studies and, consequently, a substantial number of caveats and explanations have been left out.

The value of 5,210 Btu/passenger-mile for automobiles in exhibit 2 is an average value that varies tremendously depending upon the fuel economy of the vehicle used and the number of passengers carried. Exhibit 3 shows that a large station wagon with a single occupant will use about 9,376 Btu/passenger-mile; when it carries eight occupants the energy intensity is only 1,288 Btu/passenger-mile—more efficient than the average rail passenger service and comparable to the energy intensity of the average bus.

A 15-passenger vanpool has an energy intensity value of about 833 Btu/passenger-mile. A bus carrying 60 passengers, including standees, has an energy intensity of about 600 Btu/passenger-mile; one carrying only 5 passengers has an energy intensity of about 7,200 Btu/passenger-mile.

The targets for potential transportation energy savings can be defined several ways. One way is to examine where energy is currently used, as shown in the first two columns of exhibit 1. Since automobiles use over half of the energy, it is understandable that most savings efforts have been aimed at the automobile.

A second way of identifying targets is to look at projected growth in energy use. Projected growth is shown in column 5 of exhibit 1. Because the automobile sector has been given so much conservation attention, it is the lowest ranking transportation mode in terms of anticipated energy growth. The higher growth targets are medium-to-heavy trucks, air transportation, and light trucks.

It is readily apparent that any Federal program aimed at reducing petroleum useage must address the major area of consumption—transportation. Opportunities for conservation in this sector can generally be placed into three categories:

Technological changes which improve the capability of the system or vehicle to perform its function on less fuel or on nonpetroleum fuels;

Operational improvements in which the transportation equipment and systems are maintained and utilized in a more energy efficient manner;

System changes in which transportation demand is reduced or shifted to those transportation systems and modes which can serve them in the most efficient manner.

Much national attention has been focused on increasing the efficiency of transportation vehicles themselves, primarily the automobile, through the corporate average fuel economy (CAFE) standards mandated by the Energy Policy and Conservation Act of 1975, and Government-sponsored research and development programs. Assuming that auto fuel efficiency would have otherwise remained around 13.5 miles per gallon (mpg)—as it was at the time of the act's enactment—the savings in on-road fuel consumption associated with the CAFE standards can be calculated at about 570,000 barrels of oil per day (BPD) by 1985 and 1,180,000 BPD by 1990, if the 1985 standard of 27.5 mpg is attained. Of course, part of the improvement we have seen in moving toward the 27.5 mpg standard has been the result of consumer demand as well as the technological developments brought about by the Federal standards.

Improving the fuel efficiency of new vehicles, however, is not the only means by which we can reduce transportation energy consumption. Improving the efficiency of the transportation system is also a major path toward conservation. Such measures as improving load factors, improving maintenance and operational practices, shifting demand to more efficient modes and reducing travel through trip consolidation and land use changes offer significant conservation potential.

As an example of energy savings achievable through improved vehicle operation, more efficient operating procedures for automobiles obtained by applying simple energy conserving driving and maintenance techniques have been shown to reduce energy useage by 10 percent. If such procedures were fully adopted in auto and light truck driving, savings of approximately 500,000 barrels of oil per day could be achieved by 1985.

For passenger travel, effective system options include better use of the excess capacity of vehicles and facilities currently in operation. When excess capacity exists, diverting passengers from the more energy intensive auto and air modes to surface mass transportation modes, such as buses and railroads, affords further opportunities for conservation.

Ridesharing, a means of utilizing existing excess capacity, holds significant potential for energy conservation in commuter transportation. Analyses have shown that if the average auto occupancy for commuter trips could be increased from 1.4 to 2.0, approximately 400,000 barrels of petroleum could be saved per day.

These, of course, are only a few of the many opportunities that we believe are available in our efforts to meet the Nation's energy conservation goals.

I would now like to highlight briefly some of the major projects currently supported in DOE's transportation programs.

Automotive heat engine development program: Title III of Public Law 95-238, The Automotive Propulsion Research and Development Act of 1978, provides the basis for the current heat engine development program. Objectives of the heat engine program are to obtain:

At least a 30-percent improvement in fuel economy compared to the internal combustion engine;

An ability to meet or better the stringent Clean Air Act emission standards of the 1980's; and

A capability to use a wide variety of combustible fluids as fuel.

The candidate heat engines in the DOE program are the gas turbine and the Stirling engines. One aspect of the program of particular interest to this subcommittee is the demonstration program to promote the use of heavy-duty gas turbine engines in intercity and transit buses. This program activity includes:

Regular revenue service for a gas-turbine-powered Greyhound bus which began August 30, 1979, between Washington, D.C. and Philadelphia; and

Transit service in the city of Baltimore conducted under the joint sponsorship of DOE and the Urban Mass Transportation Administration (UMTA).

Electric and hybrid vehicle program: The basis for the current program in this area is Public Law 94-413, The Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976, as amended by Public Law 95-238.

To reduce the Nation's dependence on foreign petroleum, the program is designed to encourage the introduction of significant numbers of electric and hybrid vehicles into the transportation fleet. The goal of the DOE electric and hybrid program is to accelerate the commercialization of vehicles that use electricity as the principal source of propulsion energy and, thus, provide fuel flexibility for the transportation sector. A major thrust of this program is the establishment of an electric and hybrid vehicle industry capable of mass production.

Transportation systems utilization program: This program, which is conducted under my direction, involves such diverse activities as the annual publication and distribution of 17 million copies of the Gas Mileage Guide; a driver awareness program; cosponsorship, with the Department of Transportation, of a voluntary truck and bus fuel economy program; research, development, and demonstration of technology improvements in the nonhighway modes (rail, marine, and pipeline); and technical assistance to State and local governments. All of these activities are directed at reducing transportation-sector petroleum consumption, while maintaining or increasing individual mobility.

The voluntary truck and bus fuel economy program is an effort to improve the fuel-use efficiency of commercial vehicles (trucks and buses). Since the program's inception, 225 members have been acquired from the industry sector, including motor carriers, manufacturers, component suppliers, trade associations, labor unions, the trade press, and 18 State energy offices. One new activity being supported through this program is working with the Washington Metropolitan Area Transit Authority to increase the efficiency of its bus fleet. Plans are underway to train drivers in fuel efficient operating practices which will result in fuel savings of 5 to 10 percent. The information and techniques developed from these activities will be utilized to encourage greater conservation efforts in other urban transit fleets throughout the country.

We believe that ridesharing is an area that has great near-and long-term promise for conserving energy. DOE and the Department of Transportation (DOT) are working cooperatively in the promotion and advancement of commuter carpools, vanpools, and mass transit. DOE's activities in this program area have included the resolution of such institutional barriers as insurance, the provision of technical assistance to State and local authorities, and the development of marketing methods.

Executive Order 12191, signed by the President on the first of this month, requires Federal agencies to implement ridesharing programs and makes the designation of employee transportation coordinators a mandatory element of these programs. DOE has initiated a series of workshops aimed at helping those Federal employees designated as employee transportation coordinators implement successful ridesharing programs.

This workshop program is an example of one type of activity included in our outreach programs: the provision of technical assistance to Federal agencies. DOE's Guidelines for Energy Management in General Operations of the Federal Government (published in the February 1, 1980, Federal Register) encourage agencies to expand the use of vanpooling and carpooling for commuter transportation—building on existing GSA regulations governing parking, the full cost parking policy announced last fall and the Executive order.

Agency programs may include, for example, the use of flexible worktime to accommodate mass transit schedules. Vanpools and carpools would receive priority parking privileges. In addition, all agencies will be required to promote vanpooling and carpooling arrangements through their employee awareness programs. When properly implemented, expanded carpooling and vanpooling is highly complementary to mass transit, serving those employees who are not adequately handled by mass transit.

The measures included in the guidelines would encourage employee use of existing mass transportation services for business-related activities and for commuting.

I would now like to touch on the subject of emergency planning. In contrast with the conservation programs I have previously described, which have as their objectives the attainment of significant energy savings in both the near- and long-term with minimal impact on lifestyles, contingency plans are intended to help people cope with disruptions in energy supplies which are sharp and severe, such as those caused by the recent upheaval in Iran. In such circumstances, major changes in travel or work patterns may be required to deal with shortages and the resulting sharp price increases which may result.

Conservation programs are intended to provide incentives to reduce the consumption of gasoline for automobile travel, while contingency plans are, by contrast, intended to help people cope with reduced gasoline availability and the higher prices which might result. Many contingency initiatives seem similar to conservation initiatives, but the context and purposes of these initiatives are different. For example:

Restrictions on availability of gasoline, vehicles, driving, or parking are often considered as conservation measures to create incentives to reduce fuel consumption. In a contingency setting, reduced gasoline consumption exists because of the shortage, so restrictive measures may be appropriate not only to reduce consumption, but also to maintain public order at gasoline pumps and to redirect scarce gasoline to priority uses. Basically, restrictions shift the burden of coping with the shortage to certain groups and do not themselves help people to cope.

Improvement in vehicle efficiency, through achievement of better vehicle design in the long run, or through near-term improvements in driving habits, lower speeds, better vehicle maintenance, and other practices, are important conservation strategies to help people conserve fuel. In a gasoline shortage, these near-term actions are very important elements of a contingency plan to cope with reduced gasoline supply.

Incentives to shift demand to more energy efficient modes, including transit, paratransit, and ridesharing, are important conservation strategies. In a gasoline shortage, the reduced consumption is the result of reduced supply. Such shortages provide an incentive to try transit, paratransit, and ridesharing. Shifting modes offers a very important means of coping with shortages, while protecting mobility. The contingency strategy must provide adequate information on how to switch and develop adquate increased transit and paratransit capacity to handle the demand.

Activity system changes, including flextime, staggered hours and work at home plans, are important conservation strategies to reduce congestion and encourage more people to use transit. In a gasoline shortage, they can help transit and paratransit operations handle the demands placed on them, and create new ridesharing and trip chaining opportunities. Extreme activity system changes, such as compressed work weeks, may possibly be justified during shortages to reduce transportation demand, but such results have to be weighed against the economic and social burdens imposed.

Because of the similarity of the intitiatives, the presence of conservation initiatives are a good preparation for contingencies, and an ideal contingency strategy will contribute to long-range conservation behavior. But the emphasis of contingency planning is on helping people cope with the immediate problems created by gasoline shortages.

Past shortfalls have been mild, yet they have had severe disruptive effects. With the possibility of gasoline shortages of up to 20 percent or more, preplanning is extremely important to prepare a range of responses for varying degrees of shortfalls. It is also particularly important to keep in mind that the contingency strategies, all of which have some unpleasant side effects, must be compared with the alternative of letting the system make its own adjustments in the face of a serious fuel shortage.

Careful attention to the implementation of a contingency plan, and to capturing the capabilities of as many actors as possible who are affected by and dealing with the problems caused by the shortage, are of utmost importance.

DOE recognizes that a variety of responses initiated by a broad range of institutions will be critical to a successful effort. And, unlike the more deliberate normal conservation activity, emergency programs will not have the luxury of letting institutional relationships evolve as the programs mature.

Coordinating with Federal programs having similar goals, such as the Environmental Protection Agency's (EPA's) clean air plans, DOT's Transportation System Management (TSM) programs, and ongoing transit, paratransit, and ridesharing efforts, is important.

It will also be important to identify other institutions, such as major employers, commercial interests, recreation industries and local governments, which have a stake in successfully coping with a shortage and have resources to contribute to the effort. Many different institutions and modes of transport have often acted as rivals or competitors.

It will take the best cooperative efforts of all these parties to deal effectively with serious fuel shortages. Thus, careful preplanning, clear identification of roles and responsibilities, and a lead actor to coordinate activities is critical to successful implementation.

With this as background, let me turn to DOE's activities in support of the Emergency Energy Conservation Act of 1979 (Public Law 96-102, dated November 5, 1979) which was enacted to provide a mechanism by which both the Federal Government and the States would have a role in developing plans for effectively coping with emergency energy supply disruptions.

Title II of EECA provides the framework for a coordinated national response to energy supply interruptions. If the President finds that such an interruption exists or is imminent, or that actions to restrain domestic energy demand are necessary under the international energy program, he may establish monthly emergency energy conservation targets for each affected energy source (for example, gasoline, home heating oil, electricity) for the Nation and for each State.

Within 45 days after these targets are established, States must submit to the Secretary of Energy emergency energy conservation plans containing measures they will use to reduce consumption of each targeted energy source.

As stipulated in the act, the Federal plan provides for emergency reduction in public and private use of energy sources likely to be targeted. It contains measures which may be effective in achieving an emergency reduction in the use of each energy source for which a target is (or may be) in effect.

The President may impose all or a portion of the measures in the standby Federal plan in any State which he finds is not, after a reasonable period, substantially meeting its conservation target for a persistent shortage which is equal to or greater than 8 percent of projected normal demand for that energy source.

He may impose the Federal plan more quickly in a State which has no State plan in effect. The Federal plan is also intended to serve as an example to, and provide guidance for, States in preparing their own emergency conservation plans.

A national gasoline rationing plan has been developed concurrently with the standby Federal plan but is not included in it for a number of reasons:

EECA specified that rationing could be applied only if gasoline, diesel fuel and No. 2 heating oil supplies are 20 percent or more below projected demand. The standby Federal plan covers emergency conservation measures which might be necessary for shortage below 20 percent.

The measures in the standby Federal plan are to be implementable on a State-by-State basis. Gasoline rationing would have to be implemented for the Nation as a whole.

I will limit my remarks today to those issues relating to the nonrationing elements of EECA.

On February 7, 1980, in accordance with the provisions of EECA, DOE published in the Federal Register regulations regarding the "Standby Federal Emergency Energy Conservation Plan." Public hearings will be held in March in six cities. Written comments will be accepted up to April 7, 1980. The standby Federal plan included:

An odd-even measure, restricting the days of the week on which motorists can purchase, in order to maintain more order at the gasoline pumps;

A minimum fuel purchase measure to maintain order at the gasoline pump by controlling "tank topping;"

Increased dependable public information on such subjects as improved vehicle maintenance and driving practices (e.g., maintaining proper tire pressure and combining trips), and on ridesharing and other transit/paratransit modes, which are especially important under crisis situations;

An employer-based measure (portions presented as proposed regulations) to involve employers of more than 100 persons in helping workers commute to work in energy efficient modes, such as transit and carpools (This measure also envisions employers, who have a major stake in the success of the emergency effort, implementing changes in work hours and work locations to foster use of ridesharing and to reduce travel demand.);

Increased speed limit enforcement and possible reductions (Gasoline consumption increases at speeds beyond 40 miles per hour, so stronger enforcement of existing limits and lowering same of these offer the potential for improved efficiency in gasoline utilization.);

A sticker measure (presented as a proposed regulation) requiring that auto owners choose 1 day (or more, depending on the severity of the shortage) on which their cars will not be used. (This is a restrictive plan, but it would act to reduce lines at gas pumps during shortages approaching 20 percent, assuming price controls are in effect.) It does not help people cope with mobility problems, but may help in personal planning by allowing individuals to predict with some confidence the need for other means of maintaining mobility. If 2 or more still days are imposed, however, the effects on the economy and on individual life styles could be severe.

A recreation powerboating measure in which power boating would be restricted on 1 or 2 days during the weekend would be implemented in conjunction with the vehicle sticker plan; and

A compressed work week (presented as a proposed regulation) requiring employers to compress the work week in order to reduce commuting and, hence, gasoline demand. This measure would also have substantial impacts on output and employment, especially in the retail and service trades.

The public information and employer-based measures, in addition to being useful for energy contingency needs, are productive from the point of view of long-term energy conservation, reduced pollution, and reduced congestion, and build upon initiatives already in place as a result of DOT, EPA or DOE initiatives.

DOE's advice to States on complying with EECA will stress the desirability of coordinating the approach to contingency planning with ongoing transportation activities. In addition, dialogue between DOE, DOT and EPA through a series of task forces, and cooperative efforts, such as the President's Task Force on Ridersharing, should help to create a climate conducive to State interagency cooperation.

As the States begin to submit plans in compliance with EECA, detailed information should become available about the adequacy of current program activity, as well as some new and innovative approaches which take advantage of local resources. In the meanwhile, coordination issues needing close attention can be identified:

Public information plan. Those elements regarding driving style and proper maintenance practices such as proper tire inflation, are clearly relevant to clean air concerns. Many States may choose to consider inspection and maintenance strategies in response to energy conservation, clean air, and consumer protection concerns as well as energy emergency preparedness. In addition, public information systems covering transit, paratransit, and ridesharing clearly broke down in the shortages experienced last year and will require revision or expansion. Review of program adequacy will be appropriate as more States prepare detailed plans. DOT will be asked to participate in this review as State plans become available.

Employer-based plan. This strategy contributes to the achievement of transportation system management, environmental and energy conservation objectives as well as energy emergency preparedness. As more States prepare detailed programs, a clearer idea of the potential payoffs should emerge for joint agency review.

Speed limit plan. Because it produces energy conservation, air pollution and safety benefits, this is hardly a new initiative. Federal funding is already in place to encourage compliance. There has already been some feedback from enforcement officials.

Sticker plan. This strategy is productive from the point of view of energy conservation, reduced air pollution, and reduced congestion, but in so punitive a manner and with such a cost in lost mobility that it has been rejected as an appropriate strategy in the context of adequate gasoline supplies, although it is interesting to note that it has been adopted in New Zealand as a conservation measure. In a situation where a serious shortage of gasoline causes the disruption of mobility, this strategy is under consideration as a means of maintaining public order in the gasoline market. It requires other programs (such as the public information plan, the employer-based plan and the speed limit plan) to complement it by providing mobility options, but it does focus more public attention on these other initiatives in a way that may increase the predictability of response by the general public. Initial estimates of the impact of a sticker plan indicate a surge of demand for transit and ridesharing modes and related problems in rural and suburban areas where the availability of such options are limited. An effective employer-based plan is particularly valuable as a complementary plan, first by generating an institution to assist in the organization and promotion of the ridersharing, paratransit and transit options, and second by promoting increased use of flex time which will ease the peaking problem for transit systems.

While detailed plans for the States should help develop refined estimates, it is clear that major efforts will be required to help transit systems cope with the surge in demand. These efforts can be anticipated to include aggressive efforts to spread the peak through employer cooperation and to expand capacity through revised maintenance practices and expanded service. The contingency plans being prepared under DOT's new guidelines will be key in this process.

Compressed work week. This proposal is intended to reduce overall commuting needs, but as currently proposed would have the disadvantageous side effect of reducing transit revenues (by eliminating 1 work day) without reducing the peak load requirement, because the work week reduction is uniform for all businesses. Consideration is being given to allowing more flexibility to companies both to ease the burden on them and to capture greater benefits of reduced congestion and peak spreading for transit. (This plan is also seen as similar to the sticker plan in involving significant disruption of production, employment and individual lifestyles and, as such, is an option to be exercised only when serious shortfall levels require such drastic action.

In summary, the approach to contingency planning embodied in EECA and being carried out by DOE looks to the States to play the lead role in coordinating and packaging initiatives to deal with gasoline shortfalls, but anticipates the likely areas of concentration in the State plans. Already existing programs provide the infrastructure to organize and initiate the contingency responses.

In recognition of the need to begin these contingency planning activities now at the State level, the administration recently submitted a fiscal year 1980 supplemental budget request to the Congress which would provide $10 million to States to accelerate this activity. We, and the States, hope for rapid congressional approval of this request.

V. FUTURE DIRECTIONS IN URBAN TRANSPORTATION

I'd like to turn now to the questions raised in Chairman Mineta's February 8 letter to the Department, particularly future directions in urban transportation.

Greater use of high occupancy vehicles, that is, mass transit, carpools and vanpools—is an essential energy conservation strategy. Conventional mass transit, large capacity vehicles operating on fixed routes within urban areas, has three principal roles. In the largest metropolitan areas, comprehensive bus and rail systems account for an important proportion of total trips and are a key factor in the creation of energy efficient forms of urban development. In smaller urban areas, buses are an efficient form of transportation, especially for the work trip. Finally, during a gasoline shortage, mass transit in every urban area is called upon to meet vastly increased demands for ridership.

Energy intensiveness analysis can provide a useful overall picture, but will be misleading when applied to particular situations. The energy efficiency of a particular transit project is dependent on local conditions. The density and patterns of land use and the integration of the project into the total metropolitan area transit system are major determinants of the project's energy efficiency.

On the average, traditional mass transit modes such as rail transit and fixed-route bus service are the most efficient. Thus, DOE feels that they deserve continued and even expanded Federal support. This philosophy was reflected in the administration's transportation energy initiative which was announced as part of the President's import reduction program on July 16, 1979. This proposal would provide an additional $13 billion in Federal assistance for mass transit capital investment over a 10-year period.

I would like to share with you some of my thoughts on how to assure that Federal capital grant funds are spent in the most energy conserving way.

Use the resource where ridership can be demonstrated: The low-energy intensity currently demonstrated by mass transit derives from the fact that the bulk of the service is in high-density areas that provide high ridership levels. Badly planned transit service into low-density areas can be very inefficient.

Maintain and enhance current services: Transit operates most efficiently in those high-density urban areas where transit already exists. Care must be taken to assure that these services and the equipment used do not deteriorate to the point that the public will not use them or they cannot be rehabilitated. Improvements in these areas, such as high-occupancy vehicle lanes, priority bus access to freeways, and improved transit terminal and maintenance facilities, should receive emphasis.

Transit should be used to complement land use development: Transit can and should be used as a tool to channel land use growth. Escalating fuel prices will create a growing desire on the part of individuals and businesses to locate near mass transit service. However, expansion of fixed rail service into areas that have existing low-density development can be both an expensive and an inefficient undertaking, unless the community is committed to more dense transit-oriented development or the disruption that might be caused by providing feeder transit and auto access to the new transit lines.

Equipment should be designed to operate efficiently: Equipment should be tailored to the service into which it will be placed. Options might include the use of minibuses in certain suburban areas and articulated buses on heavily used routes. Also, in developing regulations affecting the design of buses and specifications for the purchase of equipment, care must be taken to keep the weight of the vehicles as low as possible and to minimize the need for energy consuming accessories. Fresh air ventilation through the use of windows may be an idea whose time has come back.

Analyze the energy impact: Don't assume every mass transit expenditure is going to save energy. The Federal Govenment will require a detailed analysis of the energy impacts as part of the alternatives analysis requirements that are now a condition of some Federal assistance programs.

Keep out-of-service equipment in a state of readiness: We must make sure that Federal programs do not encourage the disposal of used equipment and its replacement with new equipment. While the replaced equipment may not have immediate use, a need for it may arise in the futrue—possibly to maintain community mobility during an energy emergency.

Despite its important contribution to solving our energy problems, mass transit is not a panacea. The total capacity of urban transit systems is relatively small: The Nation's urban bus fleet has a capacity of about 2.6 million seats. The Nation's automobile fleet has a capacity of 400 million seats. Six percent of trips to work are made by public transit; 84 percent are made in private vehicles. Radically expanding transit capacity will be very expensive. Creating new service in low-density suburban areas is costly because of the dispersion of trip origins and destinations. The construction of new rapid rail systems is so costly that they usually cannot be justified by energy savings alone.

So it is clear we cannot depend on overcoming the Nation's energy problem simply by building additional mass transit systems. We must give attention to filling up the empty seats in automobiles that are already in service. That argues strongly for efforts in the area of commuter ridesharing. Such efforts should deal with:

Removing institutional barriers such as outdated economic regulations, the unavailability of reasonably priced insurance, and the lack of attractive financing options.

Marketing programs better targeted at employers and employees.

In my opinion, all the old rules regarding the willingness of people to ride with others to and from work no longer hold. Current gasoline prices and a wider recognition that the Nation's energy problem is neither short-lived nor contrived have changed prople's attitudes. There are many examples of ridesharing programs that were successful before the days of $1.10 per gallon gasoline. I don't think we should underestimate the potential for duplicating these programs on a wide scale.

On October 25, 1979, the President announced the formation of the National Task Force on Ridesharing. The objectives of this group are to (1) develop recommendations for Government actions to encourage ridesharing and (2) encourage and assist employers in establishing successful ridesharing promotion activities.

An example of the types of Government action that can help promote ridesharing is DOE's recently announced change to its gasoline allocation regulations which will make gasoline available, on a priority basis during shortage conditions, to vanpools as well as transit buses.

The question of funding ridesharing promotion programs is a complicated one. Unlike most other transportation programs which involve the expenditure of large sums of money and, thus, require that responsibilities be delegated to a specific, long-established agency, ridesharing program have been successfully implemented by many organizations. Past examples have included new special-purpose organizations, State energy offices, metropolitan planning organizations, and transit agencies.

Most of these programs have suffered, however, from a lack of certainty regarding continued resource availability. They have thus suffered from high rates of staff turnover and an inability to develop long-range operational plans. The issue seems to be how to provide some guarantee of continued support for ridesharing programs without stifling innovation.

Just as transportation planners and operators have recognized the importance of energy to carrying out their responsibilities, the energy community has recognized the importance of transportation in dealing with our energy problems. Generally speaking, resources allocated to energy planning and programs at the State and local level are small in comparison to those allocated to transportation. In recognition of the need to bring energy and transportation planning activities together, we have taken a number of steps:

DOT and DOE recently sponsored a workshop on incorporating energy considerations into the urban transportation planning process.

DOE coordinated with DOT in the development of the Standby Federal Conservation Plan and DOE has requested DOT serve on the Federal panel at the public hearings on the plan.

The need for coordination with State and local transportation planning activities is being emphasized in material being prepared by DOE regarding the development of State contingency plans.

A recent memorandum from the Federal Highway Administration encouraged State and local transportation officials to intensify coordination efforts with their energy counterparts.

We believe it is essential that the urban transportation planning process not only consider thoroughly the energy implications of every transportation project, but that it be reoriented to treat energy conservation as a top priority objective.

Some State and local authorities have done outstanding work; however, the process is still far from providing energy considerations the priority they require. There is no simple means for achieving this end, but it is necessary to provide the people who are devoted to energy concerns, such as State and local energy offices, the resources they need to participate effectively in the urban transportation planning process.

It would be fair, however, to say that the coordination at the State and the Federal level is still developing. The energy community recognizes the need to coordinate with the long-established transportation elements of State and local government, and the transportation elements must allow the energy community an effective voice in the development of their transportation plans.

While we believe Federal action will be necessary to assure this two-way coordination takes place, there is no need for legislative action at this time. We look forward to working with DOT to assure that effective two-way coordination takes place at the State and local level.

EXHIBIT I

CURRENT AND PROJECTED TRANSPORTATION ENERGY USE

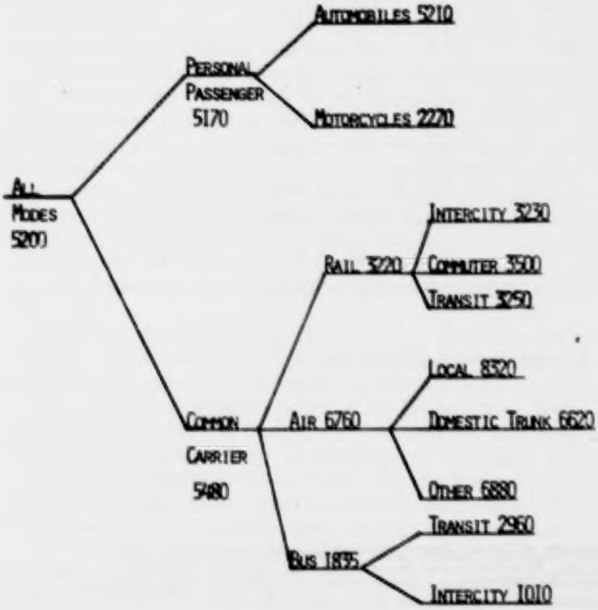
	1978		2000		GROWTH
	MMBD	%	MMBD	%	MMBD
• AUTOMOBILE	5.0	52.3	5.0	37.0	0
• LIGHT TRUCK	1.1	11.7	1.9	14.2	.8
• MEDIUM-HEAVY TRUCK	1.3	13.9	2.7	19.5	1.4
• AIR	.7	7.8	1.8	13.2	1.1
• PIPELINE	.4	4.7	.6	4.4	.2
• MARINE	.4	3.7	.6	4.4	.2
• RAIL	.4	3.7	.5	3.8	.1
• BUS	.1	0.8	.1	0.6	0
• OTHER	.1	1.4	.4	2.9	.3
TOTAL	9.5	100.0	13.6	100.0	4.1

* MBPD--MILLIONS OF BARRELS OF PETROLEUM PER DAY.

Source: Projection of Direct Energy Consumption by Mode: 1975 - 2000 Baseline, Rita Knorr and Marianne Millar, Argonne National Laboratory, ANL/CNSV-4, August 1979 and Office of Transportation Programs (DOE) estimates as of February 15, 1980.

EXHIBIT 2

1976 ESTIMATES OF PASSENGER TRANSPORTATION ENERGY INTENSITY. (BTU/ROUTE-PASSENGER-MILE)


ALL MODES 5200
PERSONAL PASSENGER 5170
AUTOMOBILES 5210
MOTORCYCLES 2270
COMMON CARRIER 5480
RAIL 3220
INTERCITY 3230
COMMUTER 3500
TRANSIT 3250
AIR 6760
LOCAL 8320
DOMESTIC TRUNK 6620
OTHER 6880
BUS 1835
TRANSIT 2960
INTERCITY 1010

Source: Transportation Energy Conservation Data Book, Edition 3, D. B. Shonka, editor, Oak Ridge National Laboratory, ORNL-5493 February 1979 and phone conversation with Axel Rose, (ORNL) on February 15, 1980.

EXHIBIT 3

U.S. Automobile[a] Energy Intensity, Model Year 1977
(Btu/passenger-mile)[b]

Number of passengers[c]	Passenger automobiles[d]				Station wagons[d]			All cars
	2-seat	Small	Medium	Large	Small	Medium	Large	
1	7,837	7,408	9,061	9,325	6,628	9,293	9,376	8,268
2	3,989	3,770	4,592	4,726	3,384	4,709	4,749	4,199
3		2,560	3,104	3,194	2,304	3,206	3,207	2,508
4		1,956	2,360	2,429	1,766	2,421	2,437	2,170
5			1,915	1,971	1,445	1,963	1,977	1,921
6				1,666		1,659	1,670	1,665
7							1,451	1,451
8							1,288	1,288

[a] Including domestics and imports.

[b] All values are calculated on a route-mile basis. To convert these to a great-circle mile basis they should be multiplied by the intercity automobile circuity ratio of 1.212. No circuity data for urban uses are available.

[c] Including driver.

[d] Size classes were defined based on interior volume: small <110 ft³; medium 110-120 ft³; large >120 ft³; small station wagon <130 ft³; medium station wagon 130-160 ft³; large station wagon >160 ft³.

Source: J. D. Murrell, *Light Duty Automotive Fuel Economy...Trends Through 1978*, SAE Paper 780036, March 1978; B. D. McNutt et al., *A Comparison of Fuel Economy Results From EPA Tests and Actual In-Use Experience, 1974-1977 Model Year Cars*, Washington, D.C., February 1978; C. W. La-Pointe, *Potential for Automotive Fuel Economy Improvement*, presented at the Fourth National Conference On the Effects of Energy Constraints on Transportation Systems, CONF-770878, August 1977; Wards Communications Inc., *Ward's 1978 Automotive Yearbook*, Detroit, Mich., 1978.

Mr. **Berwager**. That concludes my prepared statement, Mr. Chairman. I will be glad to answer any questions.

Mr. **Mineta**. Thank you very much for your complete statement. First of all, I have heard about rule 9. Could you explain who it covers and where this special fuel allocation will come from in the event of another very serious petroleum shortfall.

Mr. **Berwager**. Special rule No. 9 is the responsibility of the Economic Regulatory Administration within DOE. To the extent I understand what special rule No. 9 is, it is a special rule that will provide public transportation operators 100 percent of their gasoline needs during an emergency situation. The definition of public transportation, which is the term used in special rule No. 9, has recently been expanded to include not only mass transit, but private operators of vanpools and certain taxicab operations. In answer to your question of where does this special allocation come from, it comes off the top of the barrel. The rationale for this special rule is that the people using these multioccupancy vehicles are really contributing to making gasoline available to others who did not use the services. So we thought it would be sensible to provide these efficient operations with the fuel necessary to achieve their full conservation potential and maximize the amount of fuel available to others.

Mr. **Mineta**. You say that there are inefficiencies because of the density of certain communities. How does special rule No. 9 apply in low-density versus high-density areas?

Mr. **Berwager**. I really have not done an analysis, Mr. Chairman, of what areas in the country are favored by that rule. Drawing on some of the comments by Mr. Orski, I think our recent rule to expand the types of transportation covered by that rule helped low-density areas by expanding it to vehicles other than mass transit.

We have provided an incentive for efficient operations in low-density areas as well as the high-density areas. For instance, vanpools probably operate better in low-density areas where the trip patterns are too diverse to be served by mass transit.

Mr. **Mineta**. So if I understand it, in the Department's standby conservation plan a great deal of emphasis is placed on gasoline conservation. Are there other targets or categories of fuel and usage that are also included in that standby conservation plan?

Mr. **Berwager**. The existing plan has one measure that does not deal with gasoline and that is an emergency temperature restriction plan that would extend the current emergency building temperature restrictions past their current termination date of April 1980. That is to encourage a reduction in the use of fuel in buildings. The plan, however, does focus on transportation, and I think there are probably three reasons for that. First of all, gasoline is the single-most used petroleum resource in this country and therefore it is sensible to target on that fuel. Second, there is a significant amount of discretionary use of gasoline. Neither I nor anyone else has the wisdom to look at any particular use of gasoline and say what is discretionary and what isn't. But we think there is discretionary use and there is an opportunity for conservation. Finally and most importantly, we have focused on gasoline, Mr. Chairman, because it is the only only fuel, for which we have any type of reliable State-by-State consumption information. We are working very hard to develop other data sources that we could use to establish targets and to monitor State achievements in other fuels. But such data are not now available. The Energy Regulatory Administration is working hard to alleviate that problem.

Mr. **Mineta**. When you say discretionary use, are you thinking of power lawnmowers, snowmobiles, general aviation, or only as it relates to the automobile?

Mr. **Berwager**. We are talking mostly about the automobile. Clearly, there are discretionary uses in gasoline in other areas.

Mr. **Mineta**. Given the the issue of dialog between the Department of Energy and the Department of Transportation and EPA, are you convinced that we have a concerted effort to make sure that the left hand knows what the right hand is doing in evolving a conservation standby program?

Mr. **Berwager**. Yes, sir. I think we do. In all candor, the coordination is still evolving. We have not set up very many formal mechanisms to make sure that the staff exchange views and ideas each step of the way. But we have found working with our counterparts of the Department of Transportation pretty successful.

One of the reasons that I feel that we are developing the proper type of coordination has been our work with the Department of Transportation in the area of gasoline fuel consumption monitoring. The DOT has had a voluntary program of State reporting of gasoline consumption for many years.

As we in DOE started looking into that data series with the Department of Transportation, we recognized some inconsistencies in that data base. They were not really a problem for the purposes for which the information was previously being used. But it would require some solution in order to be used for other purposes. We have been very successful in working with the States and the Department of Transportation in dealing with those data problems. As I said in my prepared testimony, there are a number of other activities we have undertaken in cooperation with the Department of Transportation and we will continue to pursue that type of cooperation.

Mr. **Mineta**. In the February 7 emergency regulations a statement is made that neither the Federal plan nor any State emergency conservation plan is intended to impair in any way ongoing efforts to achieve energy conservation. I am wondering if you could explain what requirements exist today for cities and States to conserve fuel? Is this voluntary or do you have conservation targets that have to be met in some circumstances?

Mr. **Berwager**. All of the program activities that I am familiar with are voluntary in nature. There are two activities that I can think of that relate to conservation at the State and local level. First of all, the Energy Conservation Policy Act of 1975 authorized that DOE give grants to the States to carry out energy conservation programs, not emergency energy conseration but, if you will, conservation during normal supply conditions. This money is to implement plans that have as their target a 5-percent reduction in energy consumption below levels that would have otherwise occurred.

The second major activity that I am familiar with is the establishment of voluntary gasoline conservation targets which were transmitted by the Department of Energy to the States on December 5, 1979. These established voluntary gasoline conservation targets for the first 3 months of 1980.

Mr. MINETA. If we were to face another energy cutoff today like we experienced in 1973-74, and we got some feelings for it last April and May and June, what three or four highest priority actions would you recommend to get us through a period of, say, 6 to 10 months?

Mr. BERWAGER. Mr. Chairman, I think there would be a series of actions that would be appropriate to try to deal with a situation of that nature. First I think we should use the authorities granted to us in the Emergency Conservation Act of 1979 to establish gasoline and other fuel conservation targets for the States and should ask the States as quickly as possible to implement plans to achieve those targets. I must caution the subcommittee, however, that there are some elements of that plan that may delay us from effectively implementing that plan as a mandatory Federal plan for a number of months. For instance, the States have 45 days officially to submit their plans. DOE then has another 30 days to review the plans. Even after we approve the plans and they are put into effect, it is unlikely we will be able to monitor how well the States are implementing their plans for 90 days. So right there we have taken up close to 6 of the 6- to 10-month period. There are things we can do cooperatively that will not be affected by the mandatory requirements of the act. I think the initial step would be to ask the States without the threat of a Federal club to work cooperatively with us to implement plans at the State level. I think there are other things we might do independent of those targets. For instance, we could extend the emergency building temperature restriction program.

Mr. MINETA. On that point, is there any indication as to how much energy is saved?

Mr. BERWAGER. I think our estimate is on the order of 200,000 to 300,000 barrels a day, but I would have to check to be sure.

Mr. EDGAR. Will you yield? Your question was based on the 1973 shortfall and the May, June, July shortfall of last year. Suppose we had a 35- to 40-percent shortfall. Do you in fact have to wait until the situation is much more serious than it was last summer before you are able to act? What if Saudi Arabia goes under or if some major cutoff occurs?

Mr. BERWAGER. In answer to your first question, Mr. Edgar, we do have authority under EECA to establish targets and to ask the States to submit plans to achieve those targets under a shortage of less than 25, even down to 5 or 6 percent. If the State, however, submits a plan that we approve to achieve the target but the State fails to meet that target, there is no mandatory Federal plan we could impose in that State unless the shortage in that State is likely to continue to be at least 8 percent below normal consumption. I think generally there are sufficient authorities within EECA to deal with the situation like we had in 1973 or last summer.

Regarding a catastrophic supply interruption that might reduce supplies by 25 percent, EECA also had authority to implement, among other things, a national gasoline rationing program. The threshold in EECA is that there must be a 20-percent shortage for that program to be implemented. But gasoline rationing is the type of measure that we would have available. In fact, we would be forced to deal with a shortage of that magnitude. I did not cover rationing in my review of the EECA for two reasons: First of all, rationing is not something you could implement on a State-by-State basis, and second, in our emergency conservation plans we are only looking at those things that would go into effect if a supply shortage of less than 20 percent occurred.

Mr. MINETA. Getting back to my original question, what are the three or four priority things that you would see being done in an emergency situation?

Mr. BERWAGER. First, as I said, I would take advantage of the authorities in the programs we have set up under EECA. Second, I would recommend that the States immediately impose odd-even plans and minimum purchase plans, drawing, if they would have to, on the delegation of authority from the Federal Government.

Mr. MINETA. On that point, does that really reduce consumption or merely level out the shortage?

Mr. BERWAGER. Our estimates are that its actual impact on consumption is fairly minor, on the order of 1 or 2 percent. But what it does is bring order to the marketplace. It assures people that if they wait 1 more day there probably will be a little shorter line and, second, it does discourage tank topping. So while it does not have a large impact on dampening demand, it does bring order to the marketplace and I think that is the first thing you should do.

Mr. MINETA. One of the other things you mentioned was a compressed work schedule, a 4-day week as I recall. There are also other kinds of things that are talked about, flextime, staggered work hours. Do those things ever work against each other?

Mr. BERWAGER. I have to think about that for a second, I don't think so. I think you could have staggered work hours and still allow people to get to work in the most efficient mode that is available to them. My definition of flextime is, in effect, there would be some period during which all employees should be at work.

Mr. MINETA. I still have to work a 10-hour day, but I have to be in between 6 a.m. and 9 a.m. as long as I——

Mr. BERWAGER. You are probably correct, with a compressed workweek and flextime, you might have a 14-hour period in which some people are arriving and some are leaving.

One of the elements of the standby Federal plan is an employer-based plan where employers can do a number of things. One of the things we encourage employers to do, as opposed to, say, local government coming in and mandating staggered hours and flextime, is that the employers develop these kinds of programs on a plant location basis tailored to best meet the needs of their employees, to use carpools or vanpools or existing mass-transit services. My feeling is that if you go to flextime as opposed to mandatory staggering, you will find some people that will elect to come to work or leave work at the outer limits of the flexible period because the demands on the system will be less. They will appreciate the opportunity to get a seat on the bus. So I think you will get a natural dispersion of commuter demand if you allow individuals freedom of choice.

Mr. **Mineta**. Mr. Clinger?

Mr. **Clinger**. Following on Mr. Edgar's question, assuming that it would take 6 weeks for that shortage to be felt, are you confident that we would have the ability to respond with adequate contingency plans within that 6-week period?

Mr. **Berwager**. I think if we are talking about shortages, that is our experience, Mr. Clinger. I am confident that the mechanism is there. EECA is a new law. It definitely requires a cooperative spirit between the Federal and State governments. Frankly, the ability of the Federal Government to implement its standby Federal plan without the cooperation of State government is somewhat in question. But I am confident that the mechanisms are there. I am also confident that by and large most States would work cooperatively because it is in their best interest and the interests of their citizens to deal with the shortage and the mechanisms developed by EECA. I, frankly, would have to admit that since we have not tried it I am not 100-percent confident that that cooperation is going to be there.

Mr. **Clinger**. What you say depends very vitally on the cooperation of the States. I am wondering just how far along they are. I am speaking of this because I have had some chance to work with the Pennsylvania Mobilization Board which seems to be somewhat dilatory in meeting these.

Mr. **Berwager**. One of the reasons we sent out voluntary gasoline targets at the beginning of December and have been involved in two rounds of consultation with the States on a one-on-one basis regarding the methodology we would be using in establishing gasoline targets, is because even though the targets are voluntary, EECA requires and encourages DOE to work with the States in developing these plans before there is a shortage so that the plans would be on the shelf and we can work with the States in evaluating what might or might not work during a shortage. So I think those kinds of efforts are already underway at the State level. Many States, I am not sure how many, have already started to develop plans to address various levels of shortage. The standby Federal plan is aimed, as was published in the Federal Register 2 weeks ago, at providing some guidance to the States in regards to those measures we think make sense and in effect helping the States develop their own conservation plans that would be put into effect.

Mr. **Clinger**. You talk about energy efficiency and various forms of transit. We know a system of mass transit is going to be less efficient in a rural area than it would be in a city. I hope there is no thinking that would exclude rural areas from assistance simply because it will never achieve as efficient a level.

Mr. **Berwager**. No, sir. That wasn't the point of my remarks. My remarks I think are in concert with what Mr. Orski said. I think there is a need for a lot of creativity, much more in the rural and suburban areas in terms of what are vital mass transportation options than there are in the urban areas. I was simply saying that let's not try to assume only fixed route transportation—it will be effective wherever we put it.

Mr. **Clinger**. I would like to try to get a little better handle on the potential of conservation through more efficient use of the private sector as opposed to mass transit. For example, in the last shortage where there was a tremendous stress put on the public transit system here in Washington, did they operate at maximum capacity at that point, last May and June? Was it utilized up to its maximum?

Mr. **Berwager**. I think if you define work at their maximum capacity, working during the peak hours of the day at peak load, where the car is 90 percent full of standees, I would say, yes, they probably came close to maximum capacity.

Mr. **Clinger**. We had a 5-percent shortfall at that point. So if we had a 10-, 12-, or 15-percent shortfall the system would break down. They would not be able to meet the demand.

Mr. **Berwager**. I think the system might break down unless other measures were taken to help extend that peak so that 1 hour before the peak we also had the system full and an hour after that peak. I think those are the kinds of measures, peak extending period measure, that will probably be necessary to avoid the system from breaking down, plus the other non-mass-transit solutions, to help people get back and forth to work like vanpools and carpools.

Mr. **Clinger**. That is what I am interested in getting at, the relative efficiency and savings that will be made. I gather you see it as a tandem thing.

Mr. **Berwager**. Yes, sir. I think there is a role for mass transit to do even more than it did last year, but I think that would have to be done in conjunction with other measures, low-capital measures, using the vehicles already in operation.

Mr. **Clinger**. When you say the capacity of mass transit to do more, are you contemplating capital expenditures to expand the mass transit system to enlarge it to keep with the increase in demand or just more efficient use?

Mr. **Berwager**. I am thinking of greater use of the vehicles that are already there. But I am not excluding the possibility of expanding service being one option that might make sense in certain areas.

Mr. **Clinger**. Do you have any idea how many barrels we might save if transit ridership were to double?

Mr. **Berwager**. A few years ago, Mr. Clinger, I got myself involved in a very serious controversy by trying to answer that question. It depends on more assumptions than I could number. I think the range of estimates that we are talking about, if you could double mass transit ridership and you doubled the number of people, and you could achieve that by doubling the amount of services out there, in the range of a hundred thousand barrels a day. There is a pretty big range on either side of that to keep myself out of trouble.

Mr. **Clinger**. You have indicated consumption of gasoline is down about 8 percent this year over last year, same time. Are you suggesting that because of reductions of discretionary trips, or maybe for other reasons——

Mr. **Berwager**. I think there are a number of reasons that contribute to that, not the least of which is the fact that we have seen a shift in consumer preference to buy smaller cars, efficient cars. So I think people are purchasing and using more efficient cars. For instance, if they had two cars in the family they are much more prone now to use the more efficient car than to pull out the family stationwagon. But there is probably some reduction in discretionary driving and probably ridesharing.

Mr. **Clinger**. How much more can we expect? If we reduced 8 percent last year, could we have 8 percent next year, 12 percent or——

Mr. **Berwager**. I really don't have a good answer to that question, Mr. Clinger. I think we have squeezed it pretty hard. How much is left there to squeeze out without having serious disruption, I don't know.

Mr. **Clinger**. So you would not see that annually we are going to keep reducing our consumption?

Mr. **Berwager**. I don't think it would be realistic to expect consumption to come down 8 percent a year, no, sir.

Mr. **Clinger**. But if we do increase vanpooling or more efficient auto maintenance and tire pressure and all that, we would get a reduction?

Mr. **Berwager**. Yes, sir. I think there are a number of things we could do. I was trying to talk from continuing past trends. I think further action on the part of consumers and government—without that we would be hard pressed to envision an 8-percent reduction very many more years in the future.

Mr. **Clinger**. You talked about cooperation with DOT in the area of planning.

Are you aware of the dispute between the two departments regarding the coal haul road study which is presently underway?

Mr. **Berwager**. I am familiar that there have been active discussions between the two departments, but I have, by and large, stayed out of that issue.

Mr. **Clinger**. Thank you very much.

Mr. **Mineta**. Mr. Fary?

Mr. **Fary**. Thank you, Mr. Chairman. Is the Department of Energy making any effort to coordinate the working days of Federal agencies, such as the daily hours of employees?

Mr. **Berwager**. Yes, sir, we are. We have a Federal energy management program that has a number of activities involved in it, all of which are aimed at reducing the energy used by the Federal Government in its operations. A number of things have happened recently that all point to renewed emphasis on the Federal Government getting its house in order.

On February 1 of this year, as I mentioned, the President issued an Executive order that requires a number of steps by Federal agencies to set up effective ridesharing programs.

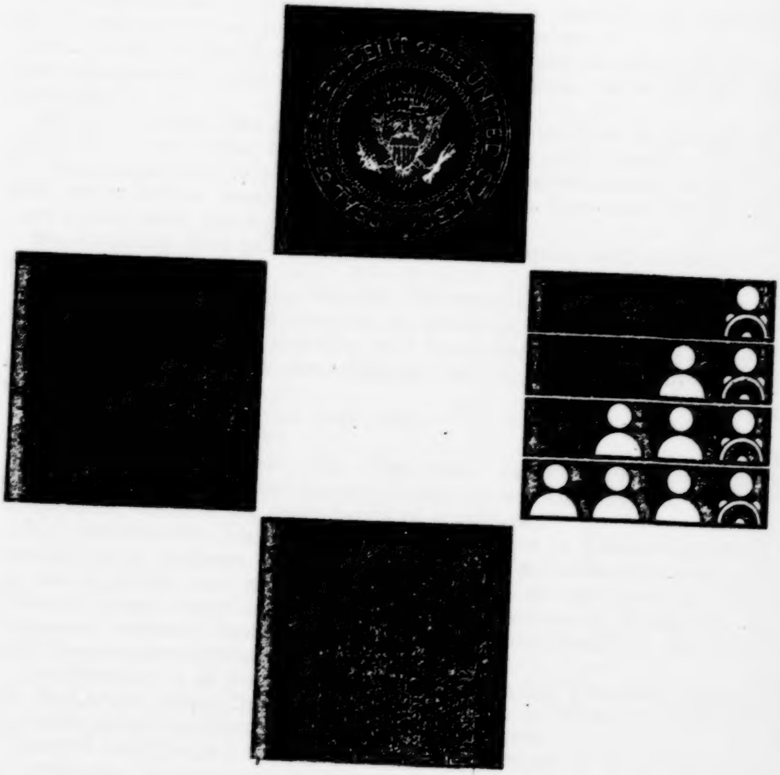
One of the things I mentioned in my testimony is that they are to designate an employee transportation coordinator who will have as their responsibility the managing of the program and the promotion of effective management actions to reduce the amount of fuel consumed by people commuting back and forth to work. At the same time the President signed the Executive order, he sent a memorandum to the heads of Federal agencies pointing out a number of areas in which he thought there was a need for greater action to facilitate ridesharing. I can submit both of those documents, the Executive order and the memorandum, for the record.

[The following were received for the record:]

The White House Announces

Initiatives in Energy Conservation through Ridesharing

October 25, 1979



INITIATIVES IN ENERGY CONSERVATION THROUGH RIDESHARING

President Carter today announced a series of new initiatives to conserve energy through ridesharing, including the expanded use of carpools, vanpools, and commuter buses and trains.

The energy savings potential of ridesharing is enormous. Over 50 million Americans drive alone to and from work each day. If each of these drivers would carry just one additional passenger, we could save 22.5 million gallons of gasoline per day.

Besides its great potential for conserving energy, ridesharing offers other important benefits. It relieves traffic and parking congestion, reduces air pollution, cuts down on personal transportation expenses, and increases personal mobility. Variable work hours can facilitate ridesharing and reduce tardiness. It offers a chance to relax in comfort and converse with friends and commuting employees. In the Los Angeles area, carpools and vanpools last year saved 2.3 million gallons of gasoline, reduced air pollutant emissions by 3 million pounds, saved poolers $4 million, and cut vehicle miles traveled by 37 million.

Vanpooling is a form of ridesharing which is just beginning to reach its potential. The first employer-sponsored vanpool program was begun by the 3M Company in 1973. Since that time, 3M estimates that it has saved $2.5 million from the reduced need for employee parking spaces and 1.6 million gallons of gasoline. Following this pioneering effort by the 3M Company, over 250 companies across the country now sponsor vanpooling programs. Many state and local governments are also making vanpooling a commuting option for their workforces.

In many vanpooling programs, vans are purchased by the company and operated by company employees. Other types of vanpools are becoming prevalent, including individual and third-party owned and operated systems. RIDES for Bay Area Commuters is an example of a rapidly growing third-party operation. Formed as a non-profit organization less than two years ago, RIDES now has 140 vanpools on the road with an average occupancy of 13.5 riders. A similar program in the Baltimore, Md. area called VANGO has put 160 vanpools on the road in less than two years.

Building upon these important efforts, President Carter is joining forces with the private sector and state and local governments to achieve the full potential of ridesharing and to capture the significant conservation and other benefits of this form of transportation. New steps being taken by the President to promote expanded ridesharing include:

- Setting a national goal of saving 400,000 barrels of oil per day by 1990 through ridesharing.

- Support for new tax incentives and administrative clarifications, including:

    - extension of the 10 percent investment tax credit to cover all vanpools operated as part of a trade or business;

    - recognition of driver incentive mileage (limited personal use of a van by its driver) as a legitimate vanpooling use for the purpose of determining eligibility for the 10 percent tax credit;

    - issuance of guidelines annually by IRS to clarify and simplify tax record-keeping requirements, and provide guidance on how to allocate all legitimate (fixed as well as operating) costs in cost-sharing arrangements.

- Issuance of an Executive Order mandating aggressive efforts by federal agencies and installations to increase carpooling, vanpooling, and use of mass transit by federal employees.

- Issuance by the Department of Energy of a proposed rule to assure bulk users sufficient gasoline to maintain operation of vanpools during periods of shortage, together with efforts by the Department of Energy to encourage the states to give priority consideration to the fuel requirements of vanpools and other high occupancy vehicles through the state set-aside programs.

- Targeted use of a portion of the ten-year $2.5 billion Department of Transportation proposed Auto Use Management Program for ridesharing programs and projects, including:

    - construction of dedicated highway lanes for commuter and public transit vehicles;

    - establishment of an interest-free loan program for the purchase of vans; and

    - increase of the federal match from the normal 75 percent to 90 percent.

- Overcoming major institutional impediments by sponsorship of special efforts to develop a model state ridesharing law (to help overcome state regulatory barriers to ridesharing in the 30 or more states which have not de-regulated vanpooling) and new insurance classifications for vanpools (to facilitate increased availability and affordability of insurance).

- Mobilization of special efforts by the USDA Extension Service, the Economic Development Administration (Commerce), and the Community Services Administration to assist isolated, low-income residents in rural areas to organize and operate commuter ridesharing programs.

- Making ridesharing an area of increased emphasis within the Department of Transportation, with continuing and/or new efforts to:
  - administer and expand the Cities Ridesharing Demonstration Program;
  - provide training and technical assistance to both public and private sector program operators;
  - Institute a national ridesharing information clearinghouse (with a toll-free telephone number) in cooperation with the National Association of Vanpooling Operators and others;
  - organize in cooperation with the National Task Force on Ridesharing regional conferences to promote ridesharing and explain/implement the initiatives announced herein; and
  - seek passage of the Auto Use Management Program.

- Showcasing several special efforts which exhibit new and/or on-going innovative efforts, including:
  - a coordinated program in rural Coastal Georgia involving the Coastal Area Planning and Development Commission, the State DOT, two major defense installations (Fort Stewart and the Kings Bay Trident submarine facility), and several local employers to serve, over the next several years, more than 35,000 military personnel, their dependents, public employees, and approximately 15,000 employees of private enterprises; savings in excess of $1,000 a year per employee are expected;

- a coordinated employer-based program in the Los Angeles area, (the Come Together Program) involving local governments, CALTRANS, federal agencies, transportation service operators from the private sector, and the Los Angeles Chamber of Commerce which utilizes Commuter Computer, Inc. to match potential ridesharers through direct personal contact at the worksite; this effort constitutes a major part of both a regional air quality plan and multi-modal transportation plan.

- an area-wide program (King County Commuter Pool) involving local governments, employers, retail businesses, and the Washington State Department of Transportation in the Seattle area which promotes carpooling, vanpooling, and buspooling through computer matching services, efforts to promote flexible working hours, parking management, and preferential access lanes for carpools, vanpools and buses.

o Formation of a National Task Force on Ridesharing to work with Secretary of Transportation Neil Goldschmidt to:

  - encourage business and government leaders across the country to initiate and expand ridesharing programs;

  - assist in overcoming regulatory, financial, insurance, and other institutional barriers to carpooling and vanpooling;

  - advise on problems that need to be addressed through government action; and

  - provide a continuing dialogue between government and the private sector.

Members of National Task Force on Ridesharing

Tom Bradley, Chairman
Mayor of Los Angeles
Los Angeles, California

David J. Sherwood, President
Prudential Insurance Company of America
Newark, New Jersey

T. F. Bradshaw, President
Atlantic Richfield Company
Los Angeles, California

Thomas W. Bradshaw, Jr.
Secretary of North Carolina Department of Transportation
Raleigh, North Carolina

Roy M. Coughlin
Staff Specialist for Environmental Affairs
Southern New England Telephone Co.
Hartford, Connecticut

Jack Derby
Statewide Ridesharing Coordinator
California Department of Transportation
Sacramento, California

Richard H. Erickson, Manager of Safety, Health and Security
Hallmark Cards, Inc.
Kansas City, Missouri

Ella T. Grasso
Governor of Connecticut
Hartford, Connecticut

Ray Herzog, Chairman of the Board
3M Company
St. Paul, Minnesota

Robert D. Kilpatrick
President and Chief Executive Officer
Connecticut General Life Insurance Company
Bloomfield, Connecticut

Jim Lowe, Manager of Employee Services
IBM
Armonk, New York

Dale W. Luehring
General Manager, Golden Gate Bridge and Transit District
San Rafael, California

John A. Mahony, Manager Office Services
SmithKline Corporation
Philadelphia, Pennsylvania

Louis R. Nickinello
House of Representatives
Boston, Massachusetts

Clarence Shallbetter
Project Director
Public Service Options, Inc.
Minneapolis, Minnesota

Richard Somerville
Transportation Program Manager
Texas Medical Center
Houston, Texas

Stan Stokey, Supervisor of Commuter Pooling Section
Tennessee Valley Authority
Knoxville, Tennessee

Jeannette Williams
Councilman
Seattle City Council
Seattle, Washington

GPO 862 215

Federal Register
Vol. 45, No. 26
Wednesday, February 6, 1980

Presidential Documents

Title 3—

The President

Executive Order 12191 of February 1, 1980

Federal Facility Ridesharing Program

By the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to increase ridesharing as a means to conserve petroleum, reduce congestion, improve air quality, and provide an economical way for Federal employees to commute to work, it is hereby ordered as follows:

1-1. *Responsibilities of Executive Agencies*

1-101. Executive agencies shall promote the use of ridesharing (carpools, vanpools, privately leased buses, public transportation, and other multi-occupancy modes of travel) by personnel working at Federal facilities. Agency actions pursuant to this Order shall be consistent with Circular A-118 issued by the Office of Management and Budget.

1-102. Agencies shall establish an annual ridesharing goal tailored to each facility, and expressed as a percentage of fulltime personnel working at that facility who use ridesharing in the commute between home and work. Agencies that share facilities or that are within easy walking distance of one another should coordinate their efforts to develop and implement ridesharing opportunities.

1-103. Agencies shall designate, in accordance with OMB Circular A-118, an employee transportation coordinator. Agencies that share facilities may designate a single transportation coordinator. The coordinator shall assist employees in forming carpools or vanpools (employee-owned or leased) and facilitate employee participation in ridesharing matching programs. The coordinator shall publicize within the facility the availability of public transportation. The coordinator shall also communicate employee needs for new or improved transportation service to the appropriate local public transit authorities or other organizations furnishing multi-passenger modes of travel.

1-104. Agencies shall report to the Administrator of General Services, hereinafter referred to as the Administrator, the goals established, the means developed to achieve those goals, and the progress achieved. These reports shall be in such form and frequency as the Administrator may require.

1-2. *Responsibilities of the Administrator of General Services*

1-201. The Administrator shall issue such regulations as are necessary to implement this Order.

1-202. The Administrator may exempt small, remotely located Federal facilities from the requirements of Sections 1-102, 1-103, and 1-104 on his own initiative or upon request of the agency. An exemption shall be granted in whole or in part when, in the judgment of the Administrator, the requirements of those Sections would not yield significant ridesharing benefits.

1-203. The Administrator shall, in consultation with the Secretary of Transportation, periodically provide agencies with guidelines, instructions, and other practical aids for establishing, implementing, and improving their ridesharing programs.

1-204. The Administrator shall assist in coordinating the ridesharing activities of the agencies with the efforts of the Department of Energy, under the Federal Energy Management Program and in the development of an emergency energy conservation plan for the Federal government.

1–205. The Administrator shall take into consideration the advice of the Environmental Protection Agency under the Clean Air Act, as amended, in performing his responsibilities under this Order.

1–206. The Administrator shall, in consultation with the Secretary of Transportation, report annually to the President on the performance of the agencies in implementing the policies and actions contained in this Order. The report shall include (a) an assessment of each agency's performance, including the reasonableness of its goals and the adequacy of its effort, (b) a comparison of private sector and State and local government ridesharing efforts with those of the Federal government, and (c) recommendations for additional actions necessary to remove barriers or to provide additional incentives to encourage more ridesharing by personnel at Federal facilities.

Jimmy Carter

THE WHITE HOUSE,
February 2, 1980.

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Office of the Director

THE WHITE HOUSE
WASHINGTON

1980 FEB -7 PM 3:05
TELECOMMUNICATIONS
MANAGEMENT SECTION

February 1, 1980

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Federal Facility Ridesharing Program

Executive Order 12191 , which I signed on February 1, 1980, directs each of you to set federal employee ridesharing goals for each federal facility under your jurisdiction and to institute enabling actions and programs for achieving those goals.

This Order complements Circular A-118 issued by the Office of Management and Budget to institute parking fees at federal facilities in metropolitan areas. It also fulfills a commitment I made in October, 1979, to "issue an Executive Order mandating aggressive efforts by federal agencies and installations to increase carpooling, vanpooling, and use of mass transit by federal employees." (This and other steps being taken by the Administration to promote ridesharing are described in the attached White House pamphlet.)

In addition to the specific requirements of this Order, I expect Agencies to take all feasible actions under current law to provide ridesharing incentives. Potential incentives include:

- providing for flexibility in working hours to facilitate employee ridesharing arrangements, if this will result in net energy savings;
- reserving the majority of conveniently located parking spaces for carpools and vanpools;
- encouraging federal employees' credit unions to establish favorable commuter vanpool financing arrangements;
- providing opportunities for employees to form vanpools through third-party leasing arrangements;
- scheduling meetings at times that will not interfere with employees' ridesharing arrangements;
- providing convenient places and opportunities for employees to meet potential ridesharers;
- facilitating the installation of public transportation information kiosks and passenger shelters on government property;

- facilitating the distribution of monthly transit passes;
- encouraging major federal contractors to promote ridesharing at their facilities; and
- recognizing through agency awards those employees who are instrumental in establishing effective ridesharing programs or who contribute valuable ridesharing ideas.

The energy savings potential of ridesharing is enormous. Since the home-to-work commute is the most routine and predictable component of all driving, it is the most adaptable to regular ridesharing arrangements. The Federal government must provide leadership by encouraging its own employees to rideshare -- and to demonstrate that ridesharing can save energy, reduce congestion, improve air quality, and expand options for safe and economical personal travel.

The Administrator of the General Services Administration in consultation with the Department of Transportation will report to me annually on the reasonableness of the goals established by the Agencies and the effectiveness of steps being taken to achieve those goals. This report will compare the efforts of federal agencies in promoting ridesharing under this Order with actions of the private sector and recommend any further legislative or administrative actions that might be appropriate to eliminate barriers or to provide additional incentives to encourage ridesharing.

Jimmy Carter

Mr. BERWAGER. Also on February 1 of this year, DOE issued its proposed Federal energy management guidelines, which has a 30-day comment period attached to them. They require all Federal agencies to establish energy management goals and objectives and develop a 10-year plan for meeting those objectives. The agencies are required to submit annual reports to DOE on actions taken in conjunction with those plans and DOE will assist agencies in improving what we think are deficient reports.

These guidelines and the standby Federal plan announced on February 7 both pointed out the need for Federal agencies to develop their own contingency plans to deal with supply interruptions. The guidelines call for each agency to develop a contingency plan that they would put into operation if the overall national shortage was 5, 10, or 20 percent.

Mr. FARY. You mentioned that DOE is providing technical assistance to Federal agencies to comply with the President's Executive order requiring ridesharing for Federal agencies. Is the DOE involved in promoting ridesharing among the private sector?

Mr. BERWAGER. Sir, our activities in that area have really had two elements. Prior to the passage of the DOE Organization Act of 1977, we were involved fairly heavily in working with private employers. A series of workshops were held with the largest employers to give them information on how to set up effective carpooling and vanpooling programs. The public education element of DOE was transferred to DOT and since then our activities have stayed pretty much along the lines of providing technical assistance to State energy services who must promote vanpooling and carpooling. Also through the Federal energy management program we provide assistance to Federal agencies. Obviously, however, we do get phone calls from private employers from time to time who are interested in getting information on ridesharing programs. We share with them whatever documents we can.

But we do not have an aggressive program of working with the private sector. DOT has the lead in working with the National Task Force on ridesharing. DOE participates in the meetings of that task force and will work with that task force and the private sector in whatever ways are felt appropriate.

Mr. **Fary**. But you do have some specific ideas on how to promote ridesharing in the private sector?

Mr. **Berwager**. Yes, sir, we do.

Mr. **Fary**. Is the Department contemplating a suggestion to Congress that the speed limit be lowered to 50 miles per hour?

Mr. **Berwager**. One of the elements that the standby Federal plan published on February 7 envisions is greater enforcement of the existing speed limit during a shortage situation. But it also foresees the possibility of actually lowering speed limits on certain types of facilities depending on the severity of the shortage. For instance, we might not recommend lowering the 55-mile-an-hour speed limit on rural interstates, but perhaps lower speed limits in urban areas would make sense. That is the kind of thing we are looking for comment on during the comment period on the standby Federal plan.

Mr. **Fary**. Has the Department of Energy made any attempt to evaluate the Federal agency parking policy that has been in effect since last October? I refer to the Executive order requiring Federal employees to pay one-half of commercial rates as the first step in moving toward paying of the full commercial rate?

Mr. **Berwager**. Sir, we are in contact with GSA and the Office of Management and Budget in trying to look at that question. So far we have not seen enough data to really be able to answer your question. But it is something we are also interested in.

Mr. **Fary**. Thank you very much.

Mr. **Mineta**. Are you also going to be looking at the employees of the legislative branch?

Mr. **Berwager**. No, sir. We believe very much in the separation of powers.

Mr. **Edgar**. I ask unanimous consent that they look at the legislative branch as well.

Mr. **Mineta**. Mr. Edgar.

Mr. **Edgar**. I have about 2 hours of questions. I will not ask them all, but I do appreciate you coming and giving your testimony.

I have a couple of questions that grow out of the frustration I have and I want to begin by prefacing that I am not directing these personally at you.

Let me ask them anyway. Is the Government of the United States prepared for a 30-percent shortfall in energy and if the answer to that is yes, how long will it take the Department of Energy, working with other agencies of the Government, to reduce the consumption of fossil fuel oil energy by 30 percent?

Mr. **Berwager**. Mr. Edgar, there are a number of activities going on within the agency that have as their goal to prepare the country to deal with that kind of shortfall. I am not in a position to sit here today and tell you that all those things are in place at this time. A shortage of that magnitude is hard for me to even imagine, so I have a hard time telling you that we are completely prepared.

To the extent that I have certain responsibilities in that area, I think we are well on the way to being prepared to deal with shortages. But I do not have responsibility for the extreme measures that would be required to deal with a shortage on the order of 30 percent.

Mr. **Edgar**. We had a conference in Crystal City 2 or 3 weeks ago that examined energy mobilization and mobility in urban centers if, in fact, a catastrophic shortfall took place. It was jointly sponsored by a lot of agencies. I was struck by the fact that there was polite comment about what if that kind of thing happened, but most of the people that I chatted with were speculating that it probably will not happen. And yet I come back to Capitol Hill and I hear people talking about registration for the draft, 5-percent increases in military defense spending, aid to Pakistan, because of the Russians move into Afghanistan, and so forth. I have heard from Congressmen who have been in the Middle East in the past week or so that in Saudi Arabia there is the same conflict that existed in Iran, the conflict between 13th century religious beliefs and the 20th century progress culture.

But most of my constituents who are reading the newspapers have come to the conclusion that it is possible, given the 1973 crisis and last year's crisis, that through some accident or chain of events or circumstances that we could find ourselves in that position. About 50 percent of every gallon of gasoline we put into our automobile comes from some foreign country. And yet we still have a consumer society that is based on selling Clairol foot massages and electric plug-in snow shovels. We still have a society based on the mentality that we can have as many things as we want and as much mobility as we want. We had a riot in Bucks County because people felt their "charisma" was being threatened by a shortfall of gasoline.

I am a bit uneasy that we are not putting together contingency programs that all of us can talk about. I happen to think that Congress did a disservice to itself and to the President of the United States in the gas rationing plan sent down. I voted for it because it was the best we had at that point, but it seems to me we should have given a little more blanket authority to the executive branch to develop the types of contingency plans we might have to use. Hopefully, we will not. Let me move on——

Mr. **Mineta**. I would like to comment on that. I came back from the Middle East Monday evening and it is a very gloomy picture.

Mr. **Edgar**. I hope in view of that that the Department is working with the CIA and the Defense Department and the President to begin to think about some real effective plans.

My second point, is that your exhibits bother me a little bit. Not that they are inaccurate given the assumptions made and the statistical base of 1978, but given the fact that in the fifties we decided the Interstate Highway System was more important than public transit and the Federal Government was doing harmful things to urban areas, such as locating buildings apart from public transit investments and giving tax credits for people to move to rural areas. Those figures are based on a policy that has given preeminence to the automobile as opposed to flexible modes of transportation, paratransit, and the possibilities for a better coordinated mobile transit system. It seems to me that projections for the year 2000 are based on some of the same questionable assumptions in Federal Policy. We could encourage a vastly different pattern of energy use as well as a vastly different model split. One example: After World War II most of the cities, fortunately Philadelphia not included, tore up their rail tracks. Gasoline was cheap. It was available.

So we cemented over most of our streets and decided that was the way our transportation was going to go. Are your figures based on these assumptions?

Mr. **Berwager**. No, sir. I should point out that by and large these projections are based on forecasts that are almost a year old. For a number of reasons, not the least of which is what we have seen happen to the price of petroleum over the last year, we do envision changes in society and in development patterns that were not envisioned when this forecast was done. So I think you are right. As with any forecast, the day after you publish it it is out of date. I think the new forecasts that will be coming out of DOE in the near future will be somewhat different. But they are not official as of this time.

I should also mention the fact that the administration shares your concern that there is a whole host of Federal policies that have helped make our society what it is today in terms of its dependence on foreign petroleum. As a result of an Executive order, most of these programs are undergoing an in-depth analysis to determine what might be changed to put us more in concert with what has become an overriding need for this Nation to change its way of consuming energy.

[The referenced Executive order was submitted for the record:]

APPENDIX 1

Executive Order 12185 Conservation of Petroleum and Natural Gas.

Note.—Executive Order 12185 was originally published in the Federal Register on December 19, 1979 (44 FR 75093).

By the authority vested in me as President of the United States of America by Section 403(b) of the Powerplant and Industrial Fuel Use Act of 1978 (92 Stat. 3318; Public Law 95-620) and Section 301 of Title 3 of the United States Code, in order to encourage additional conservation of petroleum and natural gas by recipients of Federal financial assistance, it is hereby ordered as follows:

1-101. Each Federal agency, as that term is defined in Section 103(a)(15) of the Powerplant and Industrial Fuel Use Act of 1978 (92 Stat. 3297), shall effectuate through its financial assistance programs the purposes of that Act relating to the conservation of petroleum and natural gas.

1-102. Each Federal agency which extends financial assistance shall review those programs of financial assistance and identify those which are most likely to offer opportunities for significant conservation of petroleum and natural gas.

1-103. Within two months, and annually thereafter, each agency shall publish for comment a list of those programs which it has identified as likely to offer significant opportunity for conservation. The public shall be given 60 days to submit comments, including suggestions for rules which would effectuate the conservation purposes of the Act.

1-104. After receiving public comment and suggestions, and after consulting with the Director of the Office of Management and Budget, each agency shall publish proposed rules designed to achieve conservation of petroleum and natural gas in connection with the receipt of financial assistance.

Proposed rules should be published within 30 days of the close of the comment period under Section 1-103.

1-105. Final rules shall be adopted by each agency in accordance with the provisions of Sections 102(b), 403(b) and 701(a) of the Powerplant and Industrial Fuel Use Act of 1978, and the provisions of this Order, not later than 180 days from the date of this Order.

1-106. No one shall be awarded any financial assistance unless that award complies with the provisions of the conservation rules adopted by the agency pursuant to this Order.

1-107. To the extent permitted by law and where not inconsistent with the financial assistance program, final rules may provide for the reduction or suspension of financial assistance under any award. Such reduction or suspension shall not be ordered until there has been an opportunity for a hearing on the record, and shall last for such time as the recipient fails to comply with the terms of the conservation rule.

1-108. No conservation rule shall be adopted which is inconsistent with the statutory provisions establishing the financial assistance program.

1-109. No conservation rule shall be used to enforce compliance with any prohibition under the Act against any person or facility which has been specifically determined by the Secretary of Energy as subject to or exempt from a prohibition under the Act. The conservation rules shall be used to enforce other new ways of achieving the purposes of the Act related to the conservation of petroleum and natural gas.

1-110. In order to assess the effectiveness of this program, each agency shall annually prepare a report on its activities in accord with Section 403(b)(1)(D) of the Act. These reports shall be submitted to the President through the Secretary of Energy.

1-111. The Secretary of Energy shall prepare for the President's consideration and transmittal to the Congress the report required by Section 403(c) of the Act.

1-112. The Director of the Office of Management and Budget may issue any rules, regulations, or orders he deems necessary to ensure the implementation of this Order. The Director may exercise any of the authority vested in the President by Section 403(b) of the Act, and may redelegate such of that authority as he deems appropriate to the head of any other agency.

Jimmy Carter

THE WHITE HOUSE,
December 17, 1979.

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Mr. **Edgar**. Starting about 5 years ago, I was trying to convince our Surface Transportation Subcommittee that we move beyond the demonstration phase in vanpooling and carpooling and make it a reality. We have now moved in that direction. I commend the President for his action in creating a special group to look at ridesharing. But I think the ridesharing illustration says something to us, and that is that the private sector has jumped over many of the institutional and structural barriers that have inhibited ridesharing encouragement within the Federal Government. We have helped a little bit, but the 3M Corp. and Prof. Frank Davis of Tennessee were way out in front on that issue. Now the President has said, let's set up a coordinated task force on ridesharing and focus on the issue and I commend him for that. I wonder whether or not the same kind of mobilization effort ought to be made in other parts of the energy and transportation area. Maybe there should be a working group of legislators and Governors and mayors and private citizens to help develop ongoing contingency planning, mobilization planning, and identifying those things within Federal policy that are working against clear and consistent energy conservation and transportation planning. You do not have to react to that.

Mr. **Berwager**. Well, from the perspective of our program office down at the Forrestal Building, I believe we are probably missing a lot of good ideas. Anything that would serve to bring those ideas to our attention and help us develop them would be useful.

Mr. **Edgar**. Do you ever use social scientists or psychologists to look at some of the statistical work in your reports?

Mr. **Berwager**. I am not sure I follow your question.

Mr. **Edgar**. You make a lot of assumptions in your paper about what will work and what will not work. You talk about things like compressed work hours. I am wondering to what degree you use psychologists and social scientists and others who look at what motivates the human person to do things. The question grows out of a feeling that some Congressmen have expressed that maybe we do not know very well what motivates people.

We have assumed that higher prices of gasoline will get large numbers of people to stop using their private automobiles. But we have assumed to some degree in our public policy that we ought not to force people to do too much, that that should not be the role of the Government. There are some social scientists and psychologists who are saying the human animal may not respond unless you do things that are tougher. I was wondering whether you ever get advice from there people.

Mr. **Berwager**. Yes, sir, we do. Existing transportation technical models really are not useful in telling us how people are going to conserve. I heard Lincoln Moses, Administrator of the Energy Information Administration, tell Secretary Duncan everybody knows that the price elasticity of gasoline is a minus point one or a minus point two or a minus point three, the point being that this country has never experienced an increase in gasoline prices in constant dollars. Except for one point in 1973 and 1974, gasoline prices have always been coming down in real terms. So how people are going to react to rising gasoline prices is not well understood and it cannot be modeled very accurately. We recognize that and we deal with a behavioral scientist to try to guide us where society might go under certain assumptions. But I must point out that I am not sure I have a whole lot more faith in their predictions than I do in the number crunchers that we traditionally use.

Mr. **Edgar**. One final question and comment. There is an Edgar plan for gas rationing, and I would like to hear your opinion.

I suggested to Stu Eizenstat one plan for gas rationing would be to distribute to everyone who does not have a credit card a credit card and to use existing credit cards of Gulf and Exxon and all of the rest. Everything would go into one giant computer. The Government would tell people they are welcome to use as much gasoline as they want. You can get 10 gallons of gasoline at *x* price and you get the next 10 gallons at *x* price and the next 10 gallons at *x* price and at the end of the month you will get a bill. The computer will determine if this was the first 10 gallons and if so it will be one price. If the individual wants to drive a little more and consume and waste gasoline at his own expense, that is fine, but he will pay $3 or $4 a gallon for it. As the problems of our society escalate, there could be a reprograming of the computer to say, because we had a 20-percent shortfall, you get 20 percent less in that first category of cheaper gasoline or pay more for additional gallons.

I may be naive, but it seems that would be far easier to administer than a system where you distribute all kinds of coupons and you have bargaining back and forth with those coupons. I know there are problems with my system as well, but it seems to me a way that we would be saying to everyone that we have a real problem with the quantity of the fossil fuel available. It is not a short-term thing. It will not go away, even if we get peace in the Middle East. Therefore, everyone is rationed to some degree. In times of plenty, the rationing is relaxed. In times of scarcity, the rationing is tightened.

Mr. **Berwager**. It probably would not be fair to ask what Mr. Eizenstat's reaction was before I react.

Mr. **Edgar**. He thought it was interesting. He said he had not considered it and he would get back to me.

Mr. **Berwager**. I must point out that this is not the responsibility of my office. But I am aware to some degree of what is going on. DOE went out with a proposed new rationing plan and it is currently being evaluated. I think it will be sent to the Congress in the near future. But in addition to what might be proposed as the near term rationing answer, there is a recognition in the department that there have been an awful lot of advances in microprocessing, the use of magnetically coded cards and a whole series of things that make your idea more feasible than it might have been 3 years ago. I think that DOE recognizes the need for coming up with some reationing program, one that would be imposed during a real shortage and which would be easier and cheaper to administer than the current plans we have.

Mr. **Edgar**. You just gave me an idea. In the supermarkets, they have a light sensitive pattern of lines that tells the computer how much to bill you for your purchases. You could put a similar thing right at the gas nozzle. It would be charged to your account and if you fill up too many times during the month, they send the revenuers in.

I appreciate your listening to me. I want to close by saying I am frustrated by the lack of ability of the Government and the people to mobilize in the face of what I think are serious international circumstances and dwindling supplies. We have had two symbolic statements made to our society in 1973 and 1979 and yet it seems to me in Congress and elsewhere in our Government we are still responding with minimal responses. Thank you, Mr. Chairman.

Mr. **Berwager**. Congressman, I would just like to respond by saying your feeling of frustration in dealing with this problem is shared within the Department of Energy. I know of nothing in the Department that has greater priority right now than getting our house in order to deal with the kind of emergency that you spoke of earlier. I think we are getting there. But frankly, to envision the kind of social disruption we might have in the face of a 30, 35 percent shortfall is hard to contemplate, no matter how good the Federal plans to deal with it are.

Mr. **Mineta**. Thank you very, very much for taking the time to be here. This is really a very, very serious problem that we are going to have to deal with. I am not very optimistic on how we are going to deal with it after my visit to the Middle East for 4 or 5 days. I am much more optimistic about whether or not we will fight over the Middle East, but I am much less optimistic about how we are going to deal with energy shortfalls. I think they are going to occur. The price is going to go up. We have the date of May 25 coming up, which is important in establishing autonomy of the West Bank and the Gaza Strip under the Camp David accord. I think the Saudis are waiting to see what happens on May 25. Total production could drop.

All of those things will have an impact on us. I am not sure that we are prepared to cope with them. Yet the thrust of these hearings, the 4 days so far, is basically how do we insure the mobility of Americans given the shortfall in energy supplies. I am not convinced that our transit policy can do it. I am not sure that our energy policy is going to be able to insure us of that mobility. So I am much less optimistic about our ability to deal with this whole issue. I hate to be a pessimist because basically I am not that kind of person. But I am not sure that we are in a position to deal with what may be coming.

Mr. **Edgar**. I think you made a very interesting point about the situation in the Mideast and a possible 30 percent shortfall, which relates to my question about human behavior and whether or not the department knows much about human behavior. In August of last year we voted overwhelmingly not to have draft registration. Six months of human behavior later, we are looking at 50 hostages and the problem in Afghanistan and we are on the verge of saying, at least, let's think about registration. I have some opinions about that, but in terms of politicians' behavior we changed very quickly. In political polls on how much we like Presidents we have seen human behavior change. On the issue of energy, we have seen a lot of change. I used the words social scientists and psychologists. A better word might be human behaviorists, to know whether or not our public policy should be to urge, cuddle up to, or hit between the eyes with a 2 by 4. Whether or not we have enough data and whether or not people like ourselves have access to human behavioral information could be extremely important. I see a lot of our decisions may be coming very quickly on how to respond internationally. Many of the answers, solutions, some of which you have listed in your testimony, may sound good. But whether or not they work or whether or not they achieve the objectives of a long-term shortfall are another question. I think we could be better salesmen within Congress for the kinds of suggestions which you make if we had some better data on how those suggestions would reap some benefits. I appreciate the Chairman's comments.

Mr. **Mineta**. Thank you very, very much.

Mr. **Berwager**. We appreciate the interest of this committee; and we welcome the opportunity to testify.

Mr. **Mineta**. Our next witness is Mr. Walter Bierwagen, vice president and legislative representative of the Amalgamated Transit Union, who is accompanied by an associate, Mr. Alexander Cohn.

Welcome to both of you.

We do have your statement and it will be made a part of the record. So if you would, go ahead and proceed.

TESTIMONY OF WALTER J. BIERWAGEN, VICE PRESIDENT AND LEGISLATIVE REPRESENTATIVE, AMALGAMATED TRANSIT UNION, WASHINGTON, D. C., ACCOMPANIED BY ALEXANDER (BUDDY) COHN, ASSISTANT GENERAL COUNSEL

Mr. **Bierwagen**. On behalf of Daniel V. Maroney, international president of the Amalgamated Transit Union, I wish to express our appreciation for the invitation to appear here before the Subcommittee on Oversight and Review and to share with you some of our views about matters coming before this committee. We understand that these hearings are for the purpose of discussing strategies that will assure mobility for Americans in an era of increasing energy, environmental, and financial constraints.

My name is Walter J. Bierwagen. I am vice president and general executive board member and legislative representative for the Amalgamated Transit Union which has offices at 5151 Wisconsin Avenue, Washington, D.C. I appear here at the direction of International President Maroney.

The Amalgamated Transit Union, by way of identification, is the dominant union in the over-the-road bus and local transit industries in the United States and Canada. We have over 150,000 members, most of whom are employed as bus drivers, maintenance personnel, clerical and administrative employees, and at other jobs in these industries.

Since enactment of the UMT Act in July, 1964, more than 4,280 capital, operating assistance and demonstration grant applications—section 3 and 5, totaling over $12.7 billion in Federal expenditures—have been certified. Only five or six projects were not certified by the Secretary of Labor and a smaller number were approved over the objections of either the unions or the employers.

Most, if not all, of these rejected in the early days have since reapplied and qualified for grants.

Almost all of the disqualifications took place in the very early years of the program. Although project applications were often delayed for technical reasons by UMTA and by applicants, the Department of Labor is often blamed for delays. Whatever the cause, it is important to know that the ATU currently discharges its responsibilities required by the law and the directives of the Secretary of Labor, in over 95 percent of the projects in less than 48 hours.

What we are saying is if it comes in the morning mail today, it goes out in the evening mail tomorrow.

This is mainly due to the development of a piggyback process which permits the parties to proceed with a new project grant under the terms of a previous grant. Some delays occur when projects differ considerably from earlier approved projects, or when requests are made for different conditions or projections, thus requiring negotiations. New applicants proposing modification of employee protections may also require more time for negotiation.

With the introduction of operating assistance through Section 5, the unions most concerned with UMTA, the ATU, the TWU and the UTU, urged the development of a national agreement to expedite section 5 grants. Such a model agreement was ultimately agreed to and has been mainly responsible for very timely processing of section 5 grants. If there are lengthy delays in the processing of section 5 applications, such delays are often the result of the refusal to accept the terms of the model agreement, or by the failure of an applicant to adhere to the terms of the model agreement. Almost all of the Secretary of Labor's requests for comment are responded to within 2 working days by the ATU.

Section 18, the Small Urban and Rural Program, is a new program. At the urging of the administration, the unions consented to a warranty arrangement worked out by the Department of Labor, UMTA, and other administration personnel. The latest information that we have—January 31, 1980—shows that 25 States have entered into these warranty arrangements. These States include Florida, Georgia, Idaho, Illinois, Indiana, Kentucky, Massachusetts, Maryland, Michigan, Mississippi, Nebraska, North Carolina, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Tennessee, Vermont, Virginia, West Virginia, Wisconsin, New Hampshire, Connecticut and Missouri. It is our understanding that three additional States have either sent their warranties or they are on their way: Oregon, Alaska, and Maine.

As of January 31, 1980, 192 section 18 projects have been certified. The latest figures available for the amounts obligated are for November 30, 1979. These amounted to $14,475,096. This compares with the figures at the end of fiscal year 1979, September 30, 1979, of $7,129,000, indicating that these figures doubled in amounts effective as of September 30, 1979.

Obviously, the warranty arrangement, when accepted by the appropriate public authority, does provide for rapid distribution of section 18 funds.

Congress did not intend to achieve broad social benefits through UMTA at the expense of the individual workers, and so expressed its intention in section 13(c).

Unfortunately, not all has been sweetness and light in the application of section 13(c). In several instances, some properties have deliberately refused to abide by their 13(c) agreements, either initiating litigation or so deliberately flouting arrangements previously agreed to that the ATU was forced to seek relief in the courts.

In a Kansas City case, the Supreme Court refused certiorari thus, sustaining the lower court decision upholding the union. In three of the cases, the enforceability of section 13(c) has been sustained on appeal. In a similar case, an unfavorable lower court decision is now pending appeal. In several other instances, the cases were declared moot after the parties reached agreement on new contract terms.

A growing number of vanpool projects have been certified under the act with our approval. In some instances, such as Norfolk and Richmond, the transit system manages a variety of community vanpool projects and provides services to the nontransit operator-owner. Services such as maintenance and vehicle servicing work is done by union transit employees. In others, such as Cleveland, the entire operation is performed by transit employees under union contracts locally negotiated.

The ATU has at least two reasons to be interested in the well-being of the transit industry. First, and not necessarily in that order, the industry provides our members with employment and wages. Second, as citizens, transit employees help pay for the transit system.

As an expression of its earnestness in this direction, the ATU has been a leading advocate of reduced fare and, ultimately, no-fare transit. We support no-fare even though we know that thousands of transit jobs will be eliminated.

Long ago, we recognized the signs of an impending shortage of trained bus drivers and skilled mechanics. As a result, we persuaded the AFL-CIO Appalachian Job Training Center to undertake a transit training project. UMTA awarded a $3.5 million, 3-year grant. The project is universally hailed as a success. Mechanic training modules are now being developed.

We are also participating in the development of the National Institute of Transit Technology and Innovation. The project, called the transit technology and innovation project, will be conducted in conjunction with an independent national institute formed by the Amalgamated Transit Union, ATU, the Transport Workers Union of America, TWUA, and the United Transportation Union, UTU.

A major component of the project will be a national demonstration training program for local union representatives, designed to increase their skills in contract administration and their undertaking of major issues—particularly those related to economic and safety problems—facing the transportation industry.

While the training program gets underway, the three unions will establish the National Institute on Transit Technology and Innovation, a not-for-profit organization which will be responsible for the nontraining research and demonstration activities of the project.

The overriding goal of the project is to introduce and test new approaches to improving the efficiency and effectiveness of the Nation's mass-transit systems, primarily bus, rail, and subway.

This goal will be achieved in part through activities—such as the demonstration training program for local union representatives—which will be carried out among union members.

Other project activities will be directed toward the creation of a national forum of labor, government, management, and universities, for the purpose of working collaboratively to identify and study major problems facing transit systems and to make recommendations for demonstration projects in which innovative approaches to solution will be tested.

We believe that while much effective work has been done by these groups to overcome problems affecting mass transit, a concerted effort by labor, management, and educators could produce better results. The industry and the public, we believe, will benefit from an interdisciplinary approach in which a leading role is played by those who directly operate transit systems for the public.

In the foregoing, we have attempted to respond to the several issues posed by the chairman to us. There are some comments we want to make that will enlarge upon some of the points already made.

Our Nation is faced with an energy crisis. Real or contrived, it does exist. Compounding the problem is a future of dwindling domestic oil supplies and an increased dependence on foreign imports for our energy needs. These facts portend disastrous results for industrial capacities, our standard of living, and our very way of life as an independent, free nation unless steps are taken immediately to alleviate this problem.

Our Nation consumes 18 million barrels of petroleum daily. Of that amount, transportation uses slightly more than half, with the lion's share—80 percent—being consumed by highway vehicles. The private automobile alone accounts for more than 5 million barrels a day—and nearly 2 million barrels of that total is used for "commuting."

Already, the gasoline crunches of the 1970's have demonstrated the seriousness of the problem when an energy-dependent country is faced with a shortage or cutoff of such resources. The economic, social, and job needs of our citizens, particularly low- and moderate-income people, have to be rearranged or left unfulfilled because of a lack of mobility, or because of exorbitant prices to attain mobility. Our urban areas are dying, our unemployment rolls are rising, our air quality is suffocating, and our travel and resort industry is languishing in the throes of energy shortages.

Obviously, immediate, massive conservation of energy resources is necessary in order to achieve a measurable reduction in our oil imports, a reduction of our balance-of-trade payments, and to quell a principal source of inflation.

If we are to achieve our concomitant goals of providing more jobs, reducing traffic congestion and air pollution, revitalizing our cities and our travel, resort and recreational industries while promoting energy conservation, we must develop a national strategy.

At the heart of such a program must be efforts to improve and expand public transportation and to reduce our almost total dependence on the private automobile as a major means of rush hour travel.

Public transportation is the only means of mobility for millions of Americans, especially the poor and the aged. As the energy crisis worsens, millions more will turn to mass transit.

However, in many cities, the lack of equipment and facilities has seriously undermined the growth and acceptance of transit systems as a viable alternative to the private automobile. Government funding is not sufficient to permit the large-scale improvements necessary to meet the Nation's needs now, or in the future.

Currently, mass transit, either as individual systems or as a national system, does not have clearly stated and measurable goals to be achieved in any specified time and, as a consequence, the ability of the transit industry to contribute effectively and substantially to the achievement of national transportation and energy goals is constrained.

In light of these needs and problems, more remains to be done.

Congress established a National Transportation Policy Study Commission to examine the needs of mass transit through the year 2000. But that Commission lacked even a single member from the ranks of labor, consumer and environmental groups, so its recently released report lacks the objectivity and balance needed for the purpose of establishing national policy.

Our Nation needs a national transportation policy which will provide that at least 14 percent of the transportation needs of our urban areas will be served by mass-transit systems by 1990. Presently, only 4 percent of these needs are so met.

In line with that, Federal funding of mass transit must be increased as soon as possible through amendment and extension of the Urban Mass Transit Act to a minimum of $10 billion annually. This must include aid to intercity bus industry and construction of multimodel terminals authorized and promised in the 1978 Surface Transportation Act.

To insure continuation and expansion of existing programs, the formula grant portion for operating assistance must be revised to assure more equitable distribution of these funds on a per-rider basis, and the total funding available for operating assistance must be increased and extended, thereby assuring the continuation of essential services and the predictability of operating assistance for a 5-year period. Congress should further establish an appropriately financed mass-transportation trust fund, or should adopt a system of multiyear appropriations, which would permit compliance with the requirements of the Budget Control Act.

We further urge Congress and the President to retain intact the existing provisions of the Urban Mass Transportation Act, which insure that these Federal funds will be spent and used in accordance with national needs, priorities and objectives. To that end, any bill adopted by Congress must retain intact the basic requirements of the existing law in regard to financial control, planning and substantive labor protections. In addition, any program of expanded Federal aid for mass transit must assure that each level of Government shall preserve and promote the collective bargaining process.

Moreover, it is clear, we believe, that the interpretation, administration and application of the labor protection provisions included in the Urban Mass Transportation Act and related programs are, and must remain, the exclusive responsibility of the Department of Labor under the terms and intent of these laws.

Congress should make plain that the obligation to maintain labor standards includes the payment of prevailing wages to all workers engaged in the construction or operation of mass-transit facilities in any program involving Federal financial assistance. Such standards should also guarantee to rail and transit workers the first opportunity for employment on any new transportation system which is built with Federal funds.

In addition, we believe that the Federal Government should share in the costs of providing worker allowances under employee protective arrangements approved by the Secretary of Labor.

Specifically, significant fuel savings can be accomplished through the continuation and expansion of these existing programs coupled with the implementation of an effective and comprehensive national energy policy.

In line with the above, we fully support and urge the Urban Mass Transportation Administration to continue with comprehensive, monitored, tests of no-fare transit, such as those conducted recently in Denver, Colorado, Salt Lake City, Utah, and Trenton, N.J. It has been estimated by the Office of Technology Assessment that over 1 million barrels of oil, or 10 percent of our foreign oil imports, can be saved daily by the adoption and implementation of such a program on a nationwide basis.

The transit industry must be prepared to respond to the expanded needs of urban travel as the energy crisis builds up. This will require an immediate tripling of our transit vehicle production, and the preparation of personnel to handle the increased ridership.

Even further fuel savings can be accomplished by establishing a program of auto use disincentives, and a program of rewarding citizens for conserving fuel and for using mass transit.

In line with national transportation and energy policies, the Urban Mass Transportation Administration must take whatever action is necessary for transit vehicle manufacturers to operate at full capacity. This action is necessary in order to have the needed number of vehicles to accomplish these goals, and also to have a ready reserve of transit vehicles in order that the Nation may cope with any contrived or actual energy crisis.

The Urban Mass Transportation Administration must assure the manufacturers that every transit vehicle manufactured will be purchased by the Federal Government or by an applicant for funding assistance. As part of the national strategy, it is necessary that the Congress include in any effective and comprehensive national energy policy program provisions setting forth priorities and goals in the development of alternative sources of energy, including solar, nuclear and coal, by the year 2000.

Thank you, Mr. Chairman, and members of the subcommittee, for listening, and thus permitting the ATU to express its views on these important matters.

Mr. MINETA. Thank you very much, Mr. Bierwagen, for a very complete statement.

You refer to some delays that occur when projects differ considerably from earlier-approved projects. I was wondering if maybe you could cite an example of when projects differ considerably from what was an earlier approved project.

Mr. **Bierwagen**. When they proposed, for instance, paratransit type of grant in which the conditions are different from earlier grants, in which different employees may be involved, we have to sit down and talk with them to make sure that everybody's interests are protected.

When a transit system submits a proposal for a subway system, and the previous grant was for a bus system, or for a people mover when they were operating a bus or a subway—these would call for somewhat different protections.

Mr. **Mineta**. The model agreement you refer to—is that widely used?

Mr. **Bierwagen**. Yes. Only about seven transit systems do not use it. So I think it is pretty universally used. The other seven sit down and want special protections for themselves.

Mr. **Mineta**. You refer to the growing number of vanpool projects and you cite Norfolk. Does the Navy down there contract with the local transit agency to provide special local subscription service into the Navy Yard?

Mr. **Bierwagen**. Not to my knowledge. At one point, the transit system was actually prevented from going into the yard. Only subscription buses were permitted to go in. So there was a deterrent for the transit rider. He had to walk a half mile to his shop.

Mr. **Mineta**. By "subscription," are you referring to independent buses?

Mr. **Bierwagen**. Yes.

Mr. **Mineta**. Charter operators?

Mr. **Bierwagen**. Yes. An employee who bought himself a school bus or an old Greyhound or castoff transit bus and picked up passengers in his area and delivered them to their job. And then we would get off work a few minutes early and take them back home.

Mr. **Mineta**. Is that a carryover from World War II days?

Mr. **Bierwagen**. Yes, it is.

Mr. **Mineta**. You indicate that you support no fare even though thousands of transit jobs will be eliminated. In what kind of situation would a no-fare situation eliminate transit jobs? I would think that if there were no-fare, there would be an increase in ridership and therefore it would promote potential transit operations.

Mr. **Bierwagen**. You have short-circuited my response. There will be certain skills that will be eliminated, certain jobs, the farebox pullers, the people who count the money, who deposit the money, the accountants who have to make sure it is allocated to this line and who are constantly figuring out what the next fare will be.

When New York City was considering a no-fare transit system one of the leaders said they could eliminate 3,500 jobs overnight. We believe that those people could be quickly assimilated into the enlarged transit system. Bus drivers, mechanics, other jobs we don't even envision now. The total transportation costs for the community would go down.

For instance, Chicago told us several years ago that 15 cents out of each fare was used for the purpose of collecting, protecting, counting and the depositing of the fare.

I gave you the total number involved in New York. At that time, they said they could cut their costs by 8 percent. Eight percent of their expenditures is a tremendous amount of money. It is about the same amount of money that UMTA now provides New York City for operating assistance.

Mr. MINETA. You mention that the industry and the public will benefit from "an interdisciplinary approach in which a leading role is played by those who directly operate transit systems for the public."

I am wondering, is this a departure from the adversary relationship between labor and management?

Mr. BIERWAGEN. Yes. This is a point that we have tried to make with both UMTA and the industry. Our normal relationship is adversarial, and it must remain so. But there are problems that could be helped toward resolution if we met in a nonadversarial manner and talked about them and each had a part in the development of a new idea, a new concept, whatever it might be, for the solution of a problem, outside of the traditional collective bargaining confrontation. This is what we hope, and believe can happen, because here and there we have had the experience of discussing a problem with management in a nonadversarial fashion, reaching a solution and then submitting that solution to the collective-bargaining process for implementation. And it has worked.

Mr. MINETA. I think that is important. The public probably looks at one major factor when they look at a transit system. Is it reliable; can they have confidence in the system? If someone has to catch the 7:10 to be at work at 8 o'clock every morning and then all of a sudden there is a strike, it lowers their confidence in the system. That they are not willing to put their lives in the hands of a transit operator to get them to and from work. I think what you describe is very innovative in terms of trying to deal with that issue.

Mr. BIERWAGEN. You are also making an argument that way for interest arbitration. There is the same result.

Mr. MINETA. I have heard that phrase before. What is interest arbitration?

Mr. BIERWAGEN. Interest arbitration is the peaceful resolution, by a neutral party, of a dispute over the terms of a new or renewed collective-bargaining agreement. That is the way we understand it to be.

Mr. MINETA. And you have gone to court over that issue, as I understand it?

Mr. BIERWAGEN. Yes.

We have been in court 13 times over the last couple of years and it has cost us hundreds of thousands of dollars to preserve that concept against the wishes of many managements in this country who don't want a peaceful solution. We know some public bodies who stated publicly and on the record that they would prefer a strike rather than arbitrate.

Mr. MINETA. With regard to interest arbitration, are you satisfied as to where things now stand?

Mr. Bierwagen. Not really, not if we have to continue to go to court to enforce that which the law and the Congress have said we are entitled to. We are satisfied with the direction in which the court activity has gone. We have been generally sustained, in our view, with the exception of one case. There are several other cases where after we got to a certain point, the management decided that it would suit their purposes, and also suited us, to sit down and talk about an agreement; and we reached an agreement, and the court declared the suit, either on our part or on the part of management, as moot. So we didn't get a resolution of the law in these instances.

Mr. Mineta. Mr. Bierwagen, given that explanation, could you make the distinction between interest arbitration and grievance arbitration?

Mr. Bierwagen. There are other arbitrations which we call grievance arbitrations or interpretation of the contract arbitrations. They are generally acceptable to all parties. They deal with disciplinary matters or, in the interpretation of a phrase or a clause within the contract. There may be a conflict as to what a contract provision means. We resolve those by means of a grievance arbitration, non-interest-type arbitration. Those do not enlarge upon an agreement by directive. A grievance arbitrator is not permitted to expand the terms of an agreement. He has to stay within the scope of the agreement.

Mr. Mineta. The so-called section 18 program, which provides Federal assistance for Federal transportation in rural and small urban places, has been slow, it seems to me, in getting started. In fact, you cite figures in your testimony.

It is my understanding that one of the problems is getting the Department of Labor and the Department of Transportation to resolve the issue of how 13(c) applies to the rural program. I would like to find out what are the main items in controversy. Is it usually the question of the residual liability in case some employee loses his job because a project collapses, or what is it?

Mr. Bierwagen. I can't speak for the Department of Labor and the Department of Transportation as to what happens between them.

We thought by signing the warranty, by agreeing to the warranty arrangement, the problem had been solved and from that point on the money could roll in. That has just started within the past 4 or 5 months. I think that the real background reason for this problem with 13(c), and with the small rural program, is that the rural areas want to have equality with the urban areas in the granting of funds and all other aspects of the Urban Mass Transportation Act, but they don't want to play by the same rules. They do not want to have employee protections, the possibility of a union coming forth in their rural areas. I think in the background that is the real issue. The economic issue of what to do in the event a project collapses may be a problem to the local applicant because he has never had the experience with a labor union or a 13(c) agreement—which does not protect just union people. It protects all employees, including management.

I think that in those instances where the funding of a possible loss is at stake, I thought we worked it out when we said the recipient of the funds, who normally is the Governor, would take responsibility for implementing the warranty. The Governor—the State government has a great deal more experience with 13(c) because of its experience on local issues, local transit issues.

The Governor has done this in 28 States. Even though it might look like $14 million out of the $75 million, or perhaps if you pool the 2 years together, $150 million, it is only a small part. I think we have to take into consideration that this was a start-up period. People have to get used to the idea.

I can remember in 1965 when the new Mass Transit Act provided just a couple of hundred million dollars that not all of it was spent in the first year. People were trying and testing and getting acquainted. I foresee the time when the $75 million will be well spent and quickly spent each year.

I am reminded that there is no reason to believe that there will be more 13(c) claims in the rural areas than there were in the urban areas. I could only name you two instances where there were financial claims in urban areas.

I am given to understand that in nonunion areas there have been several.

Mr. MINETA. In the past year or so, there have been contracts negotiated in Seattle, Washington, Baltimore, and elsewhere, permitting the use of part-time bus drivers. I know that you get different interpretations of who achieved what in those specific instances, but generally speaking, has the ATU softened its position on part-time labor?

Mr. BIERWAGEN. Let me clarify one thing: The only one that was negotiated was Seattle. The other two were awarded to the employees by a neutral arbitrator, in Washington and Baltimore.

No, we have not softened our position and we are not about to. We are going to cooperate wherever it is imposed on us simply because we think it is not going to produce the kinds of savings that the advocates claim it will. There is already one researcher from the University of California, Charles Lave, who has been relied on by UMTA in other instances, who came out with a preliminary study saying that he thinks this will not be the boon that employers think it will. Certainly, it will not produce the kinds of savings and probably will amount to a minus amount.

For instance, his research discloses that all of the identifiable savings came from the reduction of wage costs by reason of the elimination of the fringe benefits. It was not a schedule problem. They cut off pensions, holidays, sick leave, vacation, all of the fringes that full-time employee has. I think I can demonstrate that even better by using the two cities we just mentioned, Norfolk and Richmond.

For perhaps 6 or 8 years there has been in existence in those two agreements a free and complete right to hire part-timers with two caveats: No. 1, they don't exceed 20 hours a week; No. 2, that they get a pro rata credit for all fringe benefits. They have not hired the first one. They don't want them under those conditions. They only want them if they can cut the wages. They do not produce anything material for them as far as the schedule is concerned or solving the peak problem. Solving the peak problem has got to come another way. You have to stretch out the peak, fill in the valleys by doing a better job of selling the transit system to the housewife who wants to go shopping, by having cleaner buses, having dependable systems that won't break down. All of these things have to be done. That would be one way of doing it.

I know when I was a young busdriver, my employer, a private firm, recruited me to go out in the neighborhood whenever we started a new service to knock on the door and sell the new service to the citizens of that area. I think that everybody is doing it another way, television or radio or newspapers.

But they did a real job of selling their services.

I am reminded that the second round of bargaining is now about to begin in those systems that adopted, by either negotiation or arbitration, the part-time provision. I do know, for instance, that in the Washington area the union is going to propose that these part-timers get these fringe benefits on a pro rata basis. I am sure our other properties will do the same thing, because the part-timers are demanding it. They are coming to our union meetings. They are saying, why are you discriminting against me? I pay the same union wages.

Mr. **Mineta**. Do you see much more potential for paratransit and transit innovations unless there is the opportunity to use part-time labor?

Mr. **Bierwagen**. No. We think that paratransit would work best if worked within the framework of the existing transit system. There is no problem of us working paratransit—and power paratransit is an umbrella word covering vanpooling and subscription buses. We do those things. We have always done those things. We are not limited to driving a 40-passenger bus. We have driven what we used to call milk wagons, 15-passenger buses, any type of vehicle that is used for the purpose of transporting people on a regular basis.

We are happy to do that. We want to help the handicapped people. We support the handicapped in their desire to be transported. We will do it on the buses, if that is what the Congress determines it must be, or on vanpools or whatever. We are not shrinking violets from that type of chore.

The question as to how vanpool conditions and wages are determined, we suggest to you that that is a part of the local collective bargaining.

For instance, in Cleveland we have a collectively bargained paraventure at a different wage structure, under different conditions. We think this is a matter for local collective bargaining.

Currently, our employers privately have been expressing the view that they don't want to get into the paratransit field or vanpooling field because this will mean deficits will go up and they have to go then before the county commissioner or go to UMTA and ask for more money, and they prefer to have some third party to ask for that money. We think we can do it much more efficiently. We have the manpower. We have the skills. We can do it. We have been doing it in some cases.

Mr. **Mineta**. Mr. Stangeland?

Mr. **Stangeland**. I have no questions.

Mr. **Mineta**. Mr. Fary?

Mr. **Fary**. Thank you, Mr. Chairman.

Mr. Bierwagen, a policy resolution adopted by the AFL-CIO and something you mentioned in your statement said that the formula grant program must be revised to insure more equitable distribution of funds on a per-rider basis

The resolution also urged that there be a 5-year Federal commitment to the payment of operating assistance, presumably in place of the current annual appropriating procedure. Would you please explain why you consider these to be necessary changes?

Mr. Bierwagen. The per-rider recommendation stems from the fact that under our present system we tend to reward those who do not do as much to reach national goals of transporting people. Indeed, on the basis of population we tend to reward cities because they have a transit system in being. The people who are carrying the vast numbers of transit riders get the least amount of money, proportionately, for doing so.

For instance, the classic case is New York City, which carries the bulk of the local transit ridership in the country but gets 8 percent of its deficit funded by operating assistance from UMTA. Some smaller cities can get as much as 50 percent and do get as much as 50 percent of their operating assistance. In ultimate dollars there is a difference of course, but the per-rider subsidy is far greater when based on population than on a per-rider basis.

As far as the 5-year program, is concerned, we think that the industry needs—and we are a part of that industry—the assurance for planning purposes that money will be forthcoming; that there is money available for operating assistance for far more than 1 year at a time.

They need to have the assurance for planning purposes whether or not they are going to develop a new scheme, a new idea of how to carry people, start a new line; if they start it they are committed to keep it. But if the funds are cut off, they are left, as they say, holding the bag. So they will not try the experiment at all. I think those are very real and necessary changes in the law that we must accommodate somehow.

Mr. Fary. That same policy statement suggests that a program be established to reward citizens for conserving fuel and for using mass transit. Has the ATU or anyone ever put down on paper what such a reward system might accomplish and how it might work?

Mr. Bierwagen. I don't think that I could put my hand readily on any document that would elaborate on this concept.

We and the AFL-CIO have in mind developing a concept, for instance, of tax credits. Somebody who uses the transit system regularly might get a tax credit on his income tax for having done so.

Another way of doing it is what Congressman Gephardt is proposing, getting employers to make mass transportation rides available to employees by pass or otherwise and paying for it in full or in part.

We suggest that it go further, be made a part of the fringe benefit arena to be negotiated by various groups of employees through their unions and in this way have the transit rider charged off as an operating cost and the employee have the benefit of this as a fringe benefit, just as he does parking today and many other fringe benefits. They finance parking with huge lots and now I hear that they would like to get rid of those big lots.

We know that in an energy crisis there will be a shortage of fuel. Unless we have some way of totally conserving our fuel by rationing and, in my view, that is the way we have to go, people will be using their fuel for commuting.

As you read in my statement, a goodly part of all fuel is going for commuting. That is the area where we can make alternative means available for the automobile rider without loss to him. He is not in love with his automobile for the business of riding from home to work. It is a matter of necessity to him. He would like to get rid of it, I think.

If we encourage him to get out of his automobile during the rush hour and for any part of his urban ride, rush hour or otherwise, and not use this ration coupon for that, we ought to be able to devise some way to transfer that coupon so he can use it for his recreational purposes, going to visit mom and dad or going to the mountains or the beach.

I think if we were ever caught in a permanent shortage and had no way to have our people enjoy some recreation to visit with their own people, we would destroy the morale of our workers and of our urban bound population.

We ought to assure them that if you save money here in town, save gas here in town, we will see to it that you can go to Lansing, Mich., to visit your family, or to Chicago, or you can go to the beach this weekend or up in the mountains. I think some thought ought to be put to that.

We could devise a method of rewarding people to use mass transit rather than forcing them.

Mr. **Fary**. The operating picture for mass transit in this country does not make a very pleasant picture at a time when the public is increasingly skeptical about more public spending. Only about 45 percent of operating expenses are recaptured through the fare box. Transit remains labor intensive, with labor costs frequently in the area of 70 to 75 percent of all operating costs. What is organized labor willing to do to make transit more efficient and more productive?

Mr. **Bierwagen**. I agree that when you say "deficit" that doesn't sound good. But I have never quite understood why in the school program it is a budget item and in a transit system it is a deficit. You are talking about the same thing. The minus budget in the police department or the schools or the fire department hurts the taxpayers perhaps as much as it does when the transit system is in the red.

We are not unmindful of the need to conserve. We are not unmindful of the need to make a more productive society in all aspects. But we sort of resent picking on the busdriver as being the only one who is responsible for raising the taxes for 210 million people. That will not stop inflation. It seems as if the demand is on 155,000 busdrivers to do what the managements and the mayors do not want to do, what the 210 million people do not want to do.

We can afford it less than this grand country. If we are called upon to subsidize the system with poor wages, poor working conditions, I think it is unfair. Let's call upon everybody to cut down their wages and working conditions and profits and dividends, whatever. Don't just pick on the busdriver. If there are areas which need to be corrected, and there are, we believe they can be corrected. That is one reason why we have initiated the idea of technology and innovation projects, to see where those areas are and what can we do? We are not willing to subsidize the transit system.

What we are willing to do is help, jointly with everybody, in seeking a final solution. I don't think it is fair to the busdriver, to say to a single group of employees that you above everybody else must sacrifice so we can live our usual normal lives. Let's all sacrifice.

Mr. **Fary**. Thank you very much

Mr. **Mineta**. Thank you, Mr. Fary.

I am not as familiar with 13(c) as much as I probably should be. I would like to have you explain how 13(c) protects a worker who is newly employed as a result of a Federal aid to transportation project, under section 18 or any other section of the law, and who subsequently loses his job.

Mr. **Bierwagen**. Whatever protections he has are there. They are a matter of fact. I think what benefits he gets, what protections he gets, must be determined on a case-by-case basis. We have had very little experience with section 18 so far.

Mr. **Mineta**. Let's say section 3.

Mr. **Bierwagen**. Section 3. It depends on whether he lost his job because of the project—that is the key. If he loses his job for cause, if he was malingering or drunk on the job, he is fired. The only recourse he has is through the grievance procedure through the contract, whatever that might be.

If he loses his job because of the project, that is something else. I will give you an instance. A company with a fleet of old buses renews the buses, buys a brandnew fleet of anodized aluminum buses, all painted, ready to go.

Two things happen. No 1, they don't need any painters. They used to have a bunch of painters keeping the old buses glued together with old paint. In those instances, those painters are protected by the project. They must be given new jobs and trained, and practically everyone has been trained for new jobs where they have been so affected.

In that same instance, the bus is brand new; it has a bigger engine; it has a new engine. It can make its schedule faster and as a result instead of needing five buses to make the schedule, the owner-operator needs only four. That one bus driver is protected. He cannot be laid off except with damages or found a new job, usually in the bus field. In the driver field, the turnover is so great that nobody is ever laid off in that area. He is just assimilated into another job.

We have never made a claim that every injury suffered by a worker, economic injury, is a 13(c) case. We think that has to be proven by the facts. The employee first has to demonstrate it to us and then to the employer and ultimately, if we can't resolve it there, by a board of arbitration. Again, these things do happen here and there but infrequently enough that it is not a major problem; and generally, everyone is happy with the end result.

Mr. **Mineta**. In the illustration you gave with the painter, let's say the operator says, OK, we will move you here, counting the money. We will train you how to do that. He says, no, I am not interested in doing that. I want to stay out there working with my hands. What happens then?

Mr. **Bierwagen**. The employee is required to take a comparable job for which he can become qualified or he is out. If he is out, he has wasted away his rights under the act. He cannot just willy-nilly say you have taken my job away and now retire me on pay for the next 6 years. He cannot do that.

Mr. **Mineta**. Investigators from our subcommittee have traveled around the country and are constantly hearing stories of high absenteeism among transit workers. Of course, this gets reflected in higher operating costs, higher worker compensation costs, and also in poorer service.

In the Washington, D.C., Metro system, as I understand it, workers' compensation payouts are about 50 percent higher than among comparable private workers. What is labor trying to do to deal with this issue?

Mr. **Bierwagen**. We have been aware of the complaint of absenteeism. We are concerned about it. It is not limited to mass transit; it is a national problem. Whether it is a morale problem or whether some people identify it correctly as a problem of the work ethic, I don't know. It is a national problem. We are concerned about it because we do recognize that in this industry people depend upon us with some degree of precision and we want to do a job which we are proud of.

We do know that improved wages can only come from effective, efficient and improved transit systems. We want to give a fair day's work for each fair day's wage. I am concerned about such properties as WMATA and others that are publicly owned around the country. We are concerned that some of these public properties have a substantially higher degree of absenteeism than a private employer, even though they are going to the same labor market, hiring the same kind of people, and covered under the same compensation laws. Yet the public employer admits to having twice as much absenteeism and workers' compensation than the private employer.

It is not unlikely that after the public takeovers, that the properties have not been quite as diligent about their work rules as they used to be.

There wasn't any question in my mind when I was a busdriver that if I missed work, or came late to work six times in a month I was put on notice. And if I was late six times in the next year I was fired and there were no questions asked. The only thing you could do is go to the employer and plead mercy through your union, get another break. I think that maybe the thing got out of hand. I don't know. But we are concerned about it and we are anxious to do what we can.

We have been privy to some of the studies made up in Pittsburgh concerning absenteeism. They show the gravity of the situation in documentary form and in graphic form. We will be talking to the industry through our Technology Institute on the nature of the problem and seek help to solve it. We are anxious to solve it. We are not in the habit of encouraging frivolous claims.

I might point out that the local union, here in Washington did something to reduce this problem. We saw an impact on their pension trust fund. People were taking disability pensions to the degree that they reversed the actuarial assumptions originally made. Where retirements were expected to be disability 40 percent and 60 percent normal old age, in later years this has reversed itself.

What we did here when the subway system opened was to reserve newly created jobs, that had never been on the rolls before and therefore had no seniority rights, for disabled persons. He had to take it if the doctor said that he could work some other job. We saw the thing flip flop the other way. There are very few disability retirements as a result of that.

There is a little tendency back the other way because we don't have an age barrier and the local union is saying priority will be given to those retired with 10 years of service.

Mr. MINETA. Thank you very, very much, Mr. Bierwagen. Your experience and long association with the transit industry is well known. We really appreciate getting the benefit of your experience, and I appreciate your patience and forebearance in being here these long hours.

I also want to thank you because I know it was at some personal sacrifice that you are here today. I hope you will apologize to your wife on my behalf because you did change your plans so that you might be able to testify here rather than to enjoy the sun of Florida at the AFL-CIO sessions down at Bal Harbour at this time. I do appreciate your sacrifice to be here. Thank you very, very much.

Mr. BIERWAGEN. We thank you. I personally thank you for your comments. I hope I didn't take too much of your time. I am grateful, on behalf of the union, to testify before you.

Mr. MINETA. The hearing will stand in recess until 9:30 tomorrow morning, in room 2167.

[Whereupon, at 2:03 p.m., the subcommittee recessed, to reconvene Thursday, February 21, 1980, at 9:30 a.m.]

MOBILITY FOR AMERICANS IN AN ERA OF INCREASING ENERGY, ENVIRONMENTAL, AND FINANCIAL CONSTRAINTS

THURSDAY, FEBRUARY 21, 1980

House of Representatives,
Subcommittee on Oversight and Review,
Committee on Public Works and Transportation,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:47 a.m., in room 2167, Rayburn House Office Building, Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Members present: Representatives Mineta, Fary, Edgar, Nowak, Oberstar, Stangeland, Bouquard, Clinger, Royer, and Lewis.

Mr. **Mineta**. The Subcommittee on Oversight and Review of the House Committee on Public Works and Transportation will please come to order.

The hearings today are a continuation of our hearings yesterday, which themselves were a continuation of hearings begun earlier in the field.

Mr. **Mineta**. Today, we are pleased to start off with the American Public Transit Association and its vice president for Government affairs, John D. Simpson. Of course, John is also the executive director of the Metropolitan Transit Authority in New York City. Mr. Simpson, we have a copy of your testimony and you may proceed.

TESTIMONY OF JOHN D. SIMPSON, VICE PRESIDENT FOR GOVERNMENT AFFAIRS, AMERICAN PUBLIC TRANSIT ASSOCIATION, AND EXECUTIVE DIRECTOR, METROPOLITAN TRANSPORTATION AUTHORITY, NEW YORK, N.Y.

Mr. **Simpson**. Thank you, Mr. Chairman. I appreciate the opportunity. I am John Simpson, the executive director of the MTA in New York, but today I appear as the vice president of Government affairs for APTA.

As you know, APTA represents the public interest in improving and expanding public transportation services, with a membership of some 350 transit systems, as well as State and local government agencies, planning organizations, and suppliers, consultants, and universities.

We want to express some of the concerns of the transit community, as well as some of the options that we see in dealing with an ever-worsening energy situation.

In November 1979, petroleum imports were 8,145,000 barrels per day, compared to 8,023,000 in November 1978.

October imports were 42.7 percent of total supply, while in October 1978, imports were 41.6 percent of supply.

The price per barrel of Arabian crude in July—only 8 months ago—was $18 per barrel; today it is about $30.

U.S. oil production in October was 8.5 million barrels per day, in October 1978 it was 8.8 million barrels.

Motor gasoline deliveries in October of last year were down 4.1 percent; American crude production was down 2.1 percent; and crude oil imports were up 7 percent.

We know that the United States is presently using some 19 million barrels of petroleum each day, of which 8 are imported, and our estimates continue to be outdated.

A Ford Foundation study that was issued some 8 months ago was predicting a barrel import cost of about $30 to $40 by the year 2000, and that price level was reached by the end of 1979. It compares even more dramatically to the oil import price of about $2.25 back in 1972, which is just an enormous increase over that time.

We all know that transportation accounts for about half of our petroleum demand, and transportation is that function in which some very promising economies might be achieved. I do not want to belabor statistics, but I wanted to present that background on the cost and supply outlook for oil in 1980 and beyond, because we are looking at two real needs.

One is the need to break OPEC's stranglehold over the long term by conserving petroleum. While we can improve on the supply side, I think that a comprehensive conservation movement is really the most readily available and best of the strategies we have. Some researchers would even say it is the equivalent of a new energy source.

The second point, though, is that at the same time that we undertake these long-range petroleum conservation plans, we must also be ready to react to any sudden and severe shortages of the kind that have occurred in the past.

With respect to those problems, I think we know what we have to do. We must attract and encourage new riders, particularly those in single occupant automobiles, onto coordinated transit services and into ridesharing arrangements. We must provide capacity for those who can no longer obtain or afford gasoline, and we must continue to serve those who have always ridden transit by personal choice or because they are dependent upon public transit.

These things are simple to say, but they are less simple to do. Our good words and our plans do not mean much if we cannot implement them. Transit operators have gained substantial experience in implementing energy conservation plans and emergency procedures.

We know that an effective response cannot be managed by transit alone; it depends on an all-out effort from all levels of government and from the private sector. At the Federal level, an increased and assured source of public transportation funding is a prerequisite. It must be available not only for expansion and modernization of our transit systems, but to help meet operating needs during times of energy crisis.

Comparable commitments must come from the States and local jurisdictions and, in particular, we must find a way to make contingency funds available during energy crises when we have to pay for expanded service and for added manpower.

In addition, of course, there must be a framework of public policy to support an all-out governmental and private sector effort to channel trips into high occupancy, fuel-efficient modes. The private sector must be made to recognize its interest in this, because I think it is the private sector and our economy, in general, that suffer when people cannot get to work and when people cannot get to shops, and when retail sales, and thus the economy, are put into a tailspin as a result of energy shortages.

APTA's legislative policy, which was adopted by the Board of Directors of APTA at a meeting earlier this week, is designed to achieve the kind of stable and adequate source of Federal assistance that I spoke of just a minute ago. I would just like to touch on several aspects of that legislative policy.

The APTA board noted that the conference committee was about to issue its report on windfall profits taxes, and we see this as a vital element of any energy strategy designed to conserve scarce petroleum supplies. We have hoped that there would be a separate fund for these windfall profits taxes, and that as much as 25 percent of the revenues might be dedicated to public transportation, and we still urge that. But as I understand from the newspapers this morning, that decisions have been made by the conference committee that fall somewhat short of our hopes and expectations.

Nonetheless, some windfall profits tax revenues will be available, and I would like to tell you that transit believes that there is no more urgent need for the use of these windfall profits tax moneys than increased operating assistance in this era of national energy crisis.

The public is demanding more service of us. The cost of providing service is increasing dramatically as a result of escalating fuel, power, and labor costs. As the existing fleets and facilities that we have are used more intensively, and additional buses and the new fixed guideway systems begin service, operating costs will increase even more dramatically. But we must meet the service demands, in the interest of energy conservation.

As you know, the Federal Government has joined with State and local governments and our transit farepayers in supporting the operating costs of public transportation systems since 1975. It is important that over the next decade, Federal support expands to keep up with the increased costs, the increases in other revenues, and, very importantly, the increased service demands that we face as a result of the petroleum shortfalls.

We must allocate a substantial portion of windfall profits tax revenues to increased Federal operating assistance. We believe that the need over the decade is some $11 billion, and we urge you to fully appropriate for transit operating assistance those amounts that are authorized.

We urge that there be increased authorizations and appropriations for operating assistance through the use of the windfall profits tax revenues in a new tier of section 5, which will promote and reward transit productivity and which will allow those transit systems which do not presently receive 25 percent of their operating costs from Federal assistance to move progressively toward that level.

We also urge that there be steady growth in the existing tiers of section 5 so that all the transit systems of the country can continue to rely on their established levels of Federal assistance as their operating costs increase over time.

We also urge you to include a 1-year advance appropriation of operating assistance to assist us in being able to project our budgets and be able to provide the best service possible.

Now, bus and bus facilities are also of great importance in this era of energy shortfall. There are some 52,000 buses in the fleet, of which almost 15,000 are over 13 years old. To replace those buses which have outlived their useful life, and to keep current during the coming decade, will require.the purchase of some 45,000 buses, at a cost, in present dollar terms, of about $112,000 per bus, just for the Federal share.

The total dollars required from the Federal Government during this decade will be some $5 billion, not to mention a comparable $4 billion for the expansion of buses just to keep up with what we have seen happening over the past year.

I would be remiss if I did not point out that for every 200 buses added to the Nation's fleet, there is a need for a new facility to maintain and store those buses. There will be a need for additional park-and-ride lots, bus shelters, and other amenities for the additional passengers that we support.

The current status of the transit bus market raises another set of issues relevant to the energy question. At a time when replacement and expansion demands the production of up to 10,000 buses a year, our annual output is only 3,000. This result from a complex set of circumstances, including a finanically and procedurally constrained Federal grant process. We are proposing a series of actions designed to revitalize the marketplace and get vehicles out onto the streets within minimum delay.

This program includes simplifying and expediting Federal capital grant delivery procedures with the use of multiyear contracts where feasible.

We think that we have to improve the productivity and performance of the current buses which, in many cases, are less fuel efficient than buses that we were purchasing 5 years ago.

We think that there should be an opportunity for the Federal Government to guarantee certain increases and stable levels in bus production each year, and we think that we should find ways to encourage the rehabilitation of buses that can be put back on the streets at a lesser cost than the cost of a new bus.

We have to find ways to allow localities to create reserve bus fleets. Federally initiated bus demonstration programs would be worthwhile to the extent that they help expand the market.

All of these things will help us assure that we have the vehicles available at the time when they are needed, and will also promote a healthy manufacturing establishment.

The questions regarding our transit systems and what they can do can, in many cases, be answered from our own experiences. Last spring's shortfall in gasoline and the long gas lines, in New York and in other communities around the country, taught us how to cope with limited resources and with short notice of the need.

Transit systems, by and large, were creative in their response and were supported by many of the other public institutions. Where plans existed, they worked; where plans did not exist, it became apparent that there must be better contingency arrangements between local governments in advance of energy crises.

Some of the actions that transit operators took included the establishment of fuel management plans to decrease their own use of diesel and to build up adequate reserves; the retention of buses which were scheduled for retirement so that they could be rehabilitated and put back on the road; a better monitoring process of where ridership was increasing so that we could change our own routes and schedules in response; increased use of operating techniques, like short turnbacks, to provide better bus service in the areas of most dense demand; the institution of skip stop operations; the use of short-term contracting to make do with ad hoc parking arrangements along the road so that people could be conveniently aggregated to ride buses and vanpools; and also an opportunity to investigate reverse commuter runs with suburban employers.

These are some examples of things that transit has learned. But, as I say, cooperation and coordination are vital. Transit is not the only answer; we cannot do it alone. We need much support from other elements of the public sector and from the private sector.

Thus, some 2 weeks ago, APTA sponsored an emergency council on preserving urban mobility, which was cosponsored by 25 other organizations representing business, labor, government, and the consumer. It was a small conference, but with 150 well qualified individuals, including your counsel from this committee, we were able to discuss and debate in a forum which included people that do not very often sit down together.

After an opening session at which the Assistant to the President, Anne Wexler, set a challenge for all of us in attendance, we tried to look at what could be done locally in the way of cooperative conservation measures, as well as emergency procedures.

We know that we have to encourage new ridership. There are incentives that can be applied, including most notably, as you have read here in the District of Columbia press, employer pass programs. In a dozen cities or so, there are major employers offering monthly and weekly transit passes, and in some cases without charge to their employees.

There is going to be legislation in this session which would have the effect of making that employer pass program more attractive by offering tax incentives to those businesses that sponsor commuter passes. I think we ought to be explaining these programs to businessmen, and I think we ought to be providing those kinds of tax incentives.

What we are really saying is that through such tax incentives, we could put the riding of buses on a par with free parking opportunities that are presently provided to people in suburban shopping centers and by many employers.

I think we also have to consider disincentives to driving when there are alternatives available. These might include increases in parking rates and the reduction of parking for automobile drivers who are traveling by themselves.

Here in Washington, large-scale street parking bans have been successful, at least in part because there is an effective transit system that can get people to work more efficiently.

We have to find ways of improving the operations of our high-occupancy modes. Bus and ridesharing lanes on expressways like the Shirley Highway can result in reduced traveltimes. Street and traffic control improvements which are oriented to the movement of fuel-efficient modes will have an even greater impact.

Similarly, restricting street parking to those vehicles that are used in ride-sharing and in staggering of work hours are low-cost or even no-cost mechanisms for making better use of our capacity.

All of these things were discussed at the emergency council, which also aired a number of the conflicts that are inherent in trying to promote conservation. One deals with staggered work hours, for instance, where legislation in some States is designed to compress the workday for large office buildings so that energy savings can be achieved for reduced requirements for heat, light, and air-conditioning during the workday. However, this runs directly counter to the concept of staggered work hours, which lengthens the workday so that we can provide more efficient transit services at a lower cost.

Well, there are a lot of problems that we still have to sort out. But we do know that we should proceed together to increase transit knowledge and transit ridership. We do know that there are many short-term actions on which everyone is agreed. We have to take best advantage of the capacity that we have, because providing new capacity is very, very expensive.

We must find better ways to coordinate vertically from the Federal level to the State and local levels, and horizontally within the States and local jurisdictions. We have to find ways to determine when an emergency exists and establish criteria that make the actions of local governments relative to the severity that exists.

For instance, we are now managing a 7-percent shortfall in gasoline in this country without very much effort on the part of local governments. I think we have to continue to tell the public that the crisis is not just one that occurs when there are gasoline lines; the crisis is something that is with us today and will be with us for a long time to come.

We also have to look toward ways of providing manpower to respond at the times when the energy crisis is with us. For instance, we often tend to place the emphasis on providing new buses or buses from reserve fleets, but where do we find the manpower, trained and qualified, to operate all those additional vehicles if we do have gasoline lines again this summer?

We have to think ahead; we have to plan so that we can fulfill our responsibilities at the time that we have the next crisis. We have to look at institutional arrangements as well, because in the area of labor, we have some of the stiffest challenges we face.

I do not think we have really begun to understand the complexity of many of these very delicate and longstanding agreements that exist between management and labor that have to be overcome if, in fact, we are going to respond to energy difficulties.

We have to look at these constraints and opportunities and find joint avenues for cooperation. I was pleased to see that there were union representatives at the emergency council meeting, including the national chairman and local chairman of our New York TWU.

As I say, public information is an area where we must do a great deal. Our citizens must first have a sense that the information they are getting is credible when it deals with petroleum supply conditions. Every survey I have seen says that the public is never quite sure that they are getting the straight story, and that can lead to panic buying. It can lead to a sense that we need not really prepare, because the problem will go away.

The public has to come to understand the options that are open to it—where they can go to catch a bus, where the park-and-ride lots are, how to use the bus. The latter was one of the major obstacles we had, with people not even understanding the need for change in bus fare boxes or understanding any of the ways to get around urban areas on buses.

I think the traditional media sources are the best ones to cover these subjects, but I think it needs a push from all of us. Similarly, I think we have to do our market research to understand better where the needs will arise and what the public will and will not accept in the way of alternatives to the single occupancy automobile.

A last point relevant to cooperative conservation deals with the private sector. We must get private businesses more deeply involved in planning for energy conservation and for energy emergencies than they have been up to this date. We must capitalize on successes with vanpools and employer-sponsored passes that exist through the country.

We believe that the private sector will be responsive if, indeed, we bring them into the process in a more direct and deliberate way.

Mr. Chairman, I have tried to offer some of the transit community's experience in dealing with our new energy realities. In summary, I would like to again stress that we know what needs to be done. I would like also to stress that implementing our knowledge will involve some large financial commitments on the operating side as well as on the capital side.

We do need additional operating support from the Federal Government, as well as an expanded capital program. We see the windfall profit tax as an ideal opportunity to make those commitments.

More than money, we need intergovernmental cooperation, organization, and public understanding. Federal agencies must define their roles; localities must come to grips with their own capabilities and limitations, and every public and private organization and every citizen must have a role in this process.

If we do the conservation work well, then perhaps we can avoid or mitigate the need for implementing energy emergency procedures.

I thank you very much, Mr. Chairman and members of the committee, for this opportunity. I would be happy to answer any questions you may have.

Mr. Mineta. Thank you very much, Mr. Simpson. I think that your statement has really outlined the problem very well. The question is, how about the implementation: Do we have a similar capability for implementation as we do for analysis?

Given the experience of, let us say, your own authority this last spring, how would you measure yourself in the ability to respond, given the analysis that you have talked about?

Mr. Simpson. Mr. Chairman, I think we can respond to short-term crises by carrying on the order of 15 to 20 percent more riders than we do each day. In the case of New York, to put that in perspective, everyday there are some 7 million trips involved with the MTA.

Now, when you get beyond the 15- to 20-percent level, the overcrowding on the subways and on the trains and on the buses is so dramatic that it is just very difficult to continue to provide service without adding additional fleet.

I would say, however, that even within that 15- to 20-percent range in terms of our capability of response, we had to absorb extraordinary additional operating costs. These costs resulted from the need to have employees work overtime to provide additional service in the evening hours and at the shoulders of the peak. These costs resulted from extraordinary fuel expenditures which far exceeded our budget.

Mr. Mineta. Let me just ask you on that one point, how did you budget for that kind of a surge?

Mr. Simpson. Sir, we did not; we simply did our best to accommodate it by deferring other programs—maintenance programs in some cases, which cannot be deferred very long. But we felt that we had to respond to the public, and thus we took every railcar and every subway car and every bus that could possibly be on the road and put it out there, because the public had to be served and there were no alternatives.

In New York State, Governor Carey yesterday announced a proposal to the legislature which would provide, among its other facets, a gasoline-based tax for public transit and the MTA. I must tell you that it is not very popular with many of the State legislators, but it would have the effect of giving us a revenue source that is sensitive to increases in fuel prices, and thus would have some built-in capability for responding at times of energy shortage when prices go up.

I think that is one step that a lot of us should look at, and I think that is one of the attractions of the windfall profit tax. But I would say again, Mr. Chairman, that under those conditions, with increased ridership on the order of 15 to 20 percent, people are not very comfortable. I mean, they were jammed on to those trains for long rides in ways that are hard to sustain for a long period of time.

Presently, we have kept about half of that surge. Over the course of 1979, our systems had about 7 percent more ridership than they had the previous year, and people are still uncomfortable. I ride a train in from the north shore of Long Island. Everyday there are standees, and they stand for about 20 miles.

Now, ideally, we would like to provide more rail cars. We would like to provide more subway cars and more buses, but frankly we do not have the money to hire the additional drivers and we do not have the money to pay the additional fuel costs. We do not have the maintenance facilities to be able to maintain a vastly expanded fleet of any sort.

That is a longer term issue, but I think it is never going to be a resolved issue unless we find ways to dedicate the funding in a predictable way, both on the operating side and on the capital side, so that transit systems can begin an orderly buildup to help meet the needs of the late 1980's and the 1990's.

Mr. MINETA. You mentioned encouraging bus rehabilitation. As I understand it, UMTA has just announced a new bus refurbishing policy, and I am wondering if APTA has had a chance to take a look at that and take a position relative to it.

Mr. SIMPSON. APTA took a quick look at it at our meeting earlier this week, and there were some concerns. The concerns were that the opportunities for funding for rehabilitation not be diminished relative to the opportunities for purchasing new buses.

There was a sense on the part of some of the smaller operators in APTA, who had looked at this in great detail, that the current proposals of UMTA did not go far enough in putting rehabilitation on a comparable basis with the purchase of new buses, and that, other things being equal, there would be a financial incentive for the locality to move toward the new bus purchase rather than toward rehabilitation.

There was also concern with respect to the provisions of section 504, which, as we understand them, would require a bus, if it was going to be rehabilitated, to have the elevator lifts installed on it, unless that was impossible or unless there was some other method that the locality had for coming into compliance with the full accessibility requirements.

Now, those two "ifs" seldom work out. The properties that want to rehabilitate are typically those that do not have other ways of coming into compliance with accessibility, and they are also typically those that have buses that are not really going to be susceptible to the kind of elderly and handicapped measures that the Government would like.

Thus, we have got a couple of hurdles to get over, and I think they are very important hurdles, because rehabilitation perhaps gives us a quicker way to get more vehicles available than the purchase of new buses or new railcars, for that matter.

Mr. MINETA. When you speak about the necessity for things like flextime and staggered works hours and ridesharing, I am wondering, from your perspective as a local operator, do they work against each other?

It would appear you are trying to do two things; one, eliminate those peak demand periods and get more uniform use, so part of that, of course, is to use flextime and staggered work hours. By the same token, you are also advocating ridesharing. Are those counterproductive?

Mr. SIMPSON. They could be, and I am not sure all the evidence is in. When I was general manager in Denver prior to coming to New York, we had mixed experience with it. But let me use the New York area as a case in point. There should be strong emphasis on the transit side, because every day, Mr. Chairman, if you include all the public transportation, 85 percent of the people that get to and from work in New York City get there by public transit.

Thus, anything we can do to help public transit operate more efficiently is going to have a far greater impact than anything we do to help ride sharing in the New York context. Now, I will freely admit from my Denver experience and from what I have known of other urban areas that that may be different in other areas.

But that is part of the reason that I emphasized local cooperative measures, supported by Federal operating and capital assistance, so that the localities can pick and choose the kind of strategies that make the most sense for their urban area.

In our case, it is transit. Maybe in Los Angeles, there has to be an emphasis on both transit and ride sharing, and maybe in Peoria it has to be ride sharing alone; I really do not know.

Mr. **Mineta**. Thank you, Mr. Simpson.

Mr. Fary?

Mr. **Fary**. Thank you, Mr. Chairman.

Mr. Simpson, do you think the local community should be required to put up a required percentage of support for operating expenses, say, 25 percent, comprised of fares or tax revenues, or both?

Mr. **Simpson**. The statement that the American Public Transit Association supports is one which would allow public transportation authorities which are not now getting 25 percent of their total operating needs from the Federal Government to move toward that threshold. Let me put that in perspective for you.

In New York, Mr. Chairman, and Chicago is not much better off, we get only 7 to 8 percent of our operating budget out of Federal financial assistance under section 5. The mean for the country is more like 20 percent, and there are some systems that are getting almost 50 percent from the Federal Government.

Clearly, there are inequities in the ways that the Federal Government supports mass transit from one region to another. But just as clearly, there are historical patterns and there are legitimate local choices that have to be considered.

In the case of historical patterns, the fact that some transit systems were stimulated and got into business because the Federal Government was urging them to move ahead and was providing assistance has to be recognized. You cannot simply draw a limit and say, "That is the way it is; we are sorry. We supported you last year, but this year you are going to have to cut your fleet in half."

Second, with respect to the specific point you made, I think there is a problem in telling a locality what percent has to come out of the fare box and what percent has to come out of local or State-generated taxes, because I believe that they ought to have a legitimate choice.

If they want, as a matter of local public policy, to keep fares down and put dedicated taxes in, that is fine; that should be a legitimate choice. On the other hand, if they want to keep fares up and keep taxes down, that is a legitimate local choice.

In short, to answer your question, Mr. Fary, we should allow those transit systems that are not presently getting 25 percent from the Federal Government to move toward that level. We ought to recognize that historically there are some smaller systems that are getting more than that, and we ought to preserve their share.

Mr. **Fary**. How many barrels per day of petroleum would be saved if transit ridership were doubled? Has any research been done on this?

Mr. **Simpson**. We estimate the savings would be approximately 220,000 barrels of oil per day.

Mr. **Fary**. Thank you very much.

Mr. **Simpson**. Yes, sir.

Mr. **Fary**. Thank you, Mr. Chairman.

Mr. **Mineta**. Thank you, Mr. Fary. Mr. Nowak?

Mr. **Nowak**. Thank you, Mr. Chairman.

First of all, I want to welcome Mr. Simpson. He has been a great and active member of the American Public Transit Association.

Just to follow up on this last question, Mr. Simpson, you mentioned that section 5 would provide approximately 7 percent of your operating budget. What are the other sources of revenue?

Mr. **Simpson**. Compared with other major urban areas, in New York right now we have one of the highest percentages of our operating costs coming from the fare box itself. About 55 to 60 percent—60 percent in the subway system and 55 percent on the commuter railroads—of the total operating cost is being paid by the consumer.

Now, that is higher than most any other place in the country, because we have some extraordinary densities in New York. The remaining percentage, which then amounts to about 30 percent of our total, comes from a wide variety of earmarked sources and unearmarked general appropriations from the city of New York, the State of New York, the 12 counties within our district. It is a very long and very complicated set of financing arrangements, but the essence of it is State and local government.

Mr. **Nowak**. Has the 7 percent risen in the last few years; has that been a static amount?

Mr. **Simpson**. No, sir.

Mr. **Nowak**. In the past, has it been lower?

Mr. **Simpson**. Well, no, it has not really been much lower. The problem is that it is a diminishing share, because the section 5 operating assistance, while it has gone up in current dollar terms, has not kept pace with the extraordinary impact of inflation on transit operations.

You see, our major costs are labor costs; frankly, New York currently is involved in labor negotiations. The MTA has certainly not been exorbitant in the recent past in its labor settlements.

Second, we have power and fuel. Now, in the case of the diesel fuel for our bus systems and for some of our rail operations, the increases have been on the order of 100 percent over a year. In the case of power for the subway system, let me just give you one startling fact to show you that things that are absolutely beyond our control.

Much of the power in the New York area is generated through the New York State Power Authority. One of the facilities that generates that power is the Indian Point nuclear plant, north of the city. Indian Point went down for 2 months and MTA's power bill went up $20 million.

Now, these things are totally beyond our capability to do anything about. We simply have to respond and we have to try to find ways to make the budget work, and frankly it is not working very well. It is very hard to adapt to those kinds of impacts in a sudden way.

Mr. **Nowak**. Will you be in a deficit position at the end of this year?

Mr. **Simpson**. Sir, we are working with the State legislature right now in every way we can. The answer is that at the end of the fiscal 1979 calendar year, as it applies to the railroads, yes, we were in a deficit posture. Right now, we are working to try to bring the transit authority and the city into balance by the end of their fiscal year in July, but that is a formidable challenge.

Without additional support from the Federal and State levels, we are going to have a deficit estimated over the next year of over $200 million, plus the settlement of the labor contract that expires on March 31, plus the settlement of the Long Island Railroad labor contract which expired a year ago. We are still negotiating and have already had one strike on the railroad.

I can tell you that with respect to those labor contracts, because I do not want to do arithmetic that presumes where the settlement is going to be, every 1-percent increase costs the transit authority $10 million.

Now, you take a base figure going in of over $200 million in deficit as a result of fuel and power cost increases and costs of materials, and you add to that whatever your assumption would be about the settlement on labor, and that is an extraordinary hole in the budget for us to have to fill.

It makes particularly pertinent, Mr. Nowak, the fact that we have such a very low level, relative to other urban areas, of support. I am not speaking on behalf of APTA, but New York, in answering your question. The kind of proposal that APTA has, I think, is one that deserves support in the Congress.

Mr. **Nowak**. I think there is going to be a highway and transit authorization bill coming out of the Congress this year. Are there any priority features, based on your experience, that you believe should be included in that legislation?

Mr. **Simpson**. Yes, sir, and we will be presenting those to the authorizing committees. Again, we will place an emphasis on operating assistance, which is something that the administration's proposal for the uses of new authorizations really did not do anything material with.

We also will be urging that we be given the opportunity to purchase additional buses through a more stable market, and, importantly, that the administration and the Congress recognize that we have to preserve the systems that exist today, whether they be rail or bus, by providing ways to rehabilitate them and keep body and soul together.

That suggests one point that I would like to mention. When I came to New York as the executive director, I asked someone the question, what is the replacement value of New York's subway, rail, and bus systems?

You know, it took them a little while to figure it out. When they finished they said the minimum value is $50 billion in current 1980 dollars, and it could be as high as $75 billion. I had people go down the list and look at each major category of asset and say, "What is the useful life of that asset?"

We were conservative. We said 100 years or more for subway structures, 50 years for bus garages, 35 years for subway cars, and 12 years for buses. I said, "Now, if I were a private businessman and I were going to set aside an annual reserve for replenishment of my depleted capital stock, how much would it be?"

When you applied the useful life against the value of the assets, the answer came out that we should be spending over $1 billion a year in capital replenishment. We spend one-fifth of that.

Mr. **Nowak**. That is just to stay where you are.

Mr. **Simpson**. Well, that is perhaps an indication of why we are where we are. If you were a private business, you would not let your capital stock become so depleted, and I think we have to find ways to keep what we have in good working order.

Mr. **Nowak**. Just one last question. You mentioned the buses in the 504 regulation. There was a district court decision here in the District of Columbia essentially upholding that regulation. I wonder what UMTA plans to do concerning that decision.

Mr. **Simpson**. Well, UMTA is on next, and I think Lillian Liburdi might respond to that. Let me make a point to you, though, if I may, Mr. Congressman. I read the opinion of the distinguished district court judge here, and I observed that he mentioned the Congress nine times in that opinion, in essence saying that he believes that UMTA acted properly within its procedural guidelines.

In essence, he is pointing back at the Congress and saying that if the Congress, indeed, intends that these lift devices be put on all buses, then UMTA has no choice but to comply. But I think he is putting down a challenge to all those of you who will be reconsidering those laws.

The cost implications are severe. We estimate that it requires on the order of $300 to $500 million a year simply to provide the additional operating costs associated with bus lifts and rail systems. If you add the capital costs—and I do not know what it is for the Nation as a result of the section 321 studies—but I know that in New York the low-cost option that is going to be reported is about $1.6 billion. And that option does not work very well.

In my judgment, we really should get congressional reconsideration of whether those funds could be better spent at this time, and whether we should not be thinking about our energy needs. I hope the Congress will consider that.

Mr. **Nowak**. Thank you very much, Mr. Chairman.

Mr. **Mineta**. Thank you, Mr. Nowak. Mr. Edgar?

Mr. **Edgar**. Thank you, Mr. Chairman.

I would like to say that I think your comments, in general, have been very helpful. Yesterday, we sat through some testimony that was also helpful. Kenneth Orski was here, and I would just like to read a paragraph from his statement which I think reflects the kind of problems that we are facing.

He said:

> For over a century, the dominant goal of our transportation policy was to build new facilities; first, turnpikes and canals, and then railroads and streetcar lines, and in recent years superhighways, airports, and, to a limited extent, rapid transit

> systems. Today, for the first time since the middle of the 19th century, fiscal constraints are forcing us to lower our sights and moderate our infatuation with brick and mortar.
>
> We are coming to realize that the transportation infrastructure which we have already put in place represents an enormous, often vastly underutilized resource which, if managed effectively, could accommodate our growing transportation needs for many years to come.

His bottom line point in that area was on the question which my colleague, Mr. Nowak, began to question you on, and that is the question of rehabilitation. I appreciated your comment about the difficulty you have as a manager in coming up with the $1 billion a year.

In light of your comment about that $1 billion a year, if the Federal Government were to become more interested in rehabilitation, what kinds of significant contributions do you think you would need in order to at least begin to address that?

Mr. SIMPSON. Well, in the case of the New York system, and I think this would be true of virtually every other major fixed guideway system in the country, there would have to be a buildup curve. There is no way you can simply go in and, in a year or even 2 years, build up from a $200 million a year level up to a $1 billion a year level.

But I think there has to first be an assurance that there is a stable and relatively long-term rehabilitation program. It cannot be sporadic. You get it this year and maybe you do not next year. There are commitments involved.

For instance, in rehabilitating subway cars, of which we will be doing almost 300 as a result of a totally State-funded bond issue last November, it requires us to find a facility, to staff a facility, to enter into arrangements with the manufacturers of electric traction motors and other major, sophisticated components that are not readily available in supply today. You cannot do that for short-term programs.

I think that if we were to know, for instance, that the level of effort that we have in New York today could be doubled and could be kept at that level, around the $500 million a year level, for a period of 5 years, at a minimum, which I think could be reasonably possible through your authorizing legislation, then we could enter into the contractual arrangements.

We could make those commitments that would be necessary to rehabilitate, say, 20 percent of the fleet on a year-by-year basis. I think the same thing would be possible on a smaller scale for the rehabilitation of buses in the country and for the other rail systems.

I know that things seldom move in large increments, but I think a doubling of what we are doing today, Mr. Edgar, would be an important step forward, and one that ought to be seriously considered through the use of windfall profits tax moneys.

Mr. EDGAR. The size of the New York City system is quite astounding. In your dreaming moments of what you would like to see in the ideal world, do you think that it might make sense for us to consider—this is probably politically impossible, but let me suggest it—a separate line item for New York City alone, as opposed to putting you into the formulas of the rest of the Nation?

Mr. SIMPSON. Well, as you say, I am not sure how the politics of that would work out. There are some extraordinary needs. In looking at New York's share of what transit is across the country, we have over 30 percent of the riders nationally on transit every day riding on the New York transit system. That is more than Chicago, Boston, Philadelphia and several other cities put together. Seven million a day ride on that one system in New York.

If you look at in terms of who pays for transit, in terms of fare box receipts, the total amount of revenues in the country that come out of the pockets of passengers every day, New York has more than 40 percent. So, we are both more transit-intensive and we get more out of the passengers in New York.

For those reasons, I think there is a valid logic that says that New York should be handled as a unique national resource in terms of transit, in the same way that the French handle Paris and the British handle London, where they do consider it to be something of more than local interest. But the politics are very difficult in that regard.

Mr. EDGAR. Let me turn to a couple of other subjects. You mentioned the energy mobilization conference that I also attended, and you reflected on some of the interest there by the sponsoring groups. I asked them some fairly straightforward questions about whether this Nation has the mechanisms in place and is prepared for a 30-percent shortfall.

The answer that came back, and I will just try to summarize it, was, no, that most of our strategic planning between the Department of Energy and the Department of Transportation is looking at a 5- to 10-percent shortfall area, and considering all kinds of creative modes to pick that up. But if a 30-percent shortfall of energy were to occur, there is not available to us now, or in place now, the kind of standby programs to deal with such a development.

That concerned me a little bit. I do not think that we are on the brink of war in the Middle East. But there are signs that Saudi Arabia is having some problems; there are some signs that there could be a catastrophic shortfall, for a number of reasons.

It seems to me that our Nation ought to at least do some strategic thinking about what kind of response we should make. As I look around Congress, while there is some rhetoric about doing some things it does not seem to me that there is a great deal of planning or people involved in that process.

Do you believe it makes sense for us to do some modeling and to try to put in place a kind of aggressive mobilization response to?

Mr. SIMPSON. Well, yes, sir, I would. But I do not think that need delay moving ahead with those things that we already are very confident about. As I mentioned in my testimony, there are a lot of things we know how to do.

We know that creating reserve fleets through the use of rehabilitated buses works. We know that in a short-term response, we have to have a pot of money that we can look to for contingency operating funds.

Now, I think the Congress can consider those kinds of things and put them in place right now; at the same time, we should study what we would do if we had an energy shortfall on the order of 25 percent or more. I think that at that stage, you really are planning for a catastrophe. It is very difficult for me to see how we can respond at that level.

While I certainly think it would be useful to get creative thinking about shortfalls of that severity, I do not think that should be an excuse for us to delay in moving ahead with the things we already know.

Mr. EDGAR. I was not suggesting it as an excuse. The President, in response to the Russian invasion in Afghanistan, said in his state of the Union address that there is a menu of things we ought to be doing. One of those things was the registration of people.

It seemed to me like the President was saying that we ought to mobilize for national security purposes. Yet, it seems to me that one vacuum area that he forgot to talk about was mobilizing for several different energy contingencies that include shortfalls like 1973 and 1979, as well as the shortfalls that may occur any time in the next 10 or 20 years that could be catastrophic for a Nation of energy junkies.

Mr. SIMPSON. Yes, sir, and I would support exactly what you propose in that regard.

Mr. EDGAR. I know I am taking more time than I should.

Mr. MINETA. Mr. Edgar, we will have a second round.

Mr. EDGAR. Thank you, Mr. Chairman.

Mr. MINETA. We will get back to you.

Let me ask, Mr. Simpson, does APTA believe that all lingering doubt among Federal policymakers as to the energy-saving value of new starts has been laid to rest?

Mr. SIMPSON. I think that APTA, as a group, supports what is being done in Baltimore, in Miami, in Buffalo, and in Atlanta, because those areas have demonstrated the value, over the long term, of the projects that they are embarked on. We do not mean in any way to say that our emphasis on the need for additional operating support or the need for rehabilitation should diminish the worthwhile projects that are already underway, or those that may come in the future.

What we are saying very clearly is that we cannot ignore the operating side of the equation and make it something that simply does not get handled, while we look to capital priorities.

Mr. MINETA. Yesterday, we heard some testimony that conventional transit is often hostile to the idea of paratransit, vanpooling or any other innovation that comes across as being competitive with conventional bus and rail transit.

Your statement itself does not reflect that hostility, and I am wondering if you think that the attitude of conventional transit has been misrepresented, or would you say that there has been a change in the thinking?

Mr. SIMPSON. I think there is an evolving change in thinking on both sides. One of the reasons for the Council on Urban Mobility was to get people in the same room who have different interests and who have historically been very wary of each other.

It is true that transit operators in the past sometimes saw jitney cabs as being competitive, and it is equally true that people on the highway and automobile side have not liked transit all that well. But I think that through discussion of ways that we can complement each other, we can work out solutions. I would not pretend that they are all worked out, but I would tell you that APTA's attitude is a positive one. Increasingly, I see a positive attitude from people who have been our historical adversaries.

Mr. **Mineta**. Does the MTA engage in any paratransit operations?

Mr. **Simpson**. We do not directly, but there are paratransit operations in New York City. Some are provided by the city's Department of Transportation for the elderly and handicapped, and there are others in the urban area with which we cooperate.

Mr. **Mineta**. Thank you. Mr. Fary?

Mr. **Fary**. Thank you, Mr. Chairman.

The Secretary of Transportation has recently urged that a 1,000-bus pool be established for use in future emergencies or tight supply situations. What is the APTA position on such a reserve fleet?

Mr. **Simpson**. Well, APTA supports Federal guarantees for bus production. We have had a committee chaired by George Krambles, the general manager of the Chicago Transit Authority, that has looked into many facets of the Secretary's proposal, which, frankly, we find to be a very interesting concept.

There are difficulties in writing specifications for buses that would work equally well in Los Angeles and in Denver and in Chicago and in New York, where the needs are very different. There are California emission packages, on the one hand, high altitudes in Denver on another, that require different kinds of technical configurations. It is hard to write one spec for a bus and make it workable in a lot of places.

We believe that the preferable approach would be to provide the Secretary with authority to guarantee certain levels of bus production, working through the transit operators who can be specific as to the engineering needs.

Mr. **Fary**. Thank you very much. Thank you, Mr. Chairman.

Mr. **Mineta**. Mr. Nowak.

Mr. **Nowak**. Thank you, Mr. Chairman.

Just to follow up on one question about the 504 problem, I see that UMTA has suggested that the 504 waivers be submitted, and is preparing guidelines for such waivers. Do you know how extensive that possibility will be?

Mr. **Simpson**. Well, I understand that there have only been about a half dozen that are in process, and I do not know what the results of those will be. I am not sure that waivers really work when you have got that kind of a nationwide problem and when the expenses are as large as they are.

Furthermore, with respect to the waivers, I fear that those of us who are likely to be incurring the very highest portion of the costs are not going to find any room for maneuver under the waivers, as they are currently written.

Mr. **Nowak**. Thank you.

Mr **Mineta**. Mr. Edgar.

Mr. **Edgar**. Let me continue on section 504. The New York Times had an editorial, yesterday or in the last few days or so, that dealt with section 504. It implied that Congress should get up enough nerve and guts to deal with that issue headon.

It is very difficult for elected officials who run every 2 years to deal with issues like accessibility requirements for the elderly and handicapped.

I wonder if you might describe in a little bit more detail the kinds of specific problems you have with accessibility, because I think that some people are of the opinion that the only problem is retrofitting a bus or fixing a subway station. But in a metropolitan area like yours, I would suspect that there are some unique problems that might be addressed in 504 that people do not often think of.

Mr. SIMPSON. Well, let me draw not only on the New York experience, but on others. When you look at the costs of trying to construct elevators to get people from the ground level down into the subway area, in some cases, frankly, it eludes one's mind as to how to do it in systems that were constructed the better part of 75 years ago with no thought to later access of a vertical sort. We have stations which are totally covered by buildings or totally covered by streets. You look at them and you try to figure out how you even get somebody vertically up and down and you cannot figure out away.

In some cases, where you can find a way to get a person moved vertically from one floor to another, the elevator may be located either inside the turnstiles for fares or, in some cases, outside. Then you end up with a seive to the fare collection system. If you are going to have general public accessibility to the elevator, anyone who wants to evade a fare can get on the elevator and evade the fare, unless you put an operator on the elevator.

If you put an operator on the elevator for two or three shifts a day—and we operate 24 hours a day—in our stations we would have to add 3,000 people, if I understand the law. At that point it becomes ludicrous. So you have to find another way around it.

Let's skip from the literal elevator problem into what happens once the person in a wheelchair gets down in the subway. Those of you who have ridden the New York system may realize that it is quite different from the nice, neat way that the Washington Metro operates. At many of our station platforms there are gaps that may be 6 or 8 inches between the subway platform and where the car door comes to rest, both horizontal gaps and vertical gaps. That's because many of the cars are on tight turns going around old subway stations.

Now, in the recently completed study of how we would do it in New York, people just assumed those problems away. They said, "Well, somehow, there has to be a level change mechanism that gets you in balance from here to here." I do not mean to say they assumed them away. What I really mean is they assumed that you could construct some kind of an engineering device that would bridge that gap, but that device does not exist today. Those become real safety problems, because if a person in a wheelchair gets to a point that the small wheel of the chair slips down in a gap, then you need an attendant to assure that that person is removed before the train attempts to move, or you are going to have a catastrophe.

On the bus side, just to shift gears a little bit, there are also some real safety problems. When I was in Denver, we had a lift-equipped bus in which the lift fell a very short distance. There was a woman on the lift at the time it fell, about 14 inches, and she broke her back. She sued the authority for $1½ million that suit is still in litigation. I hesitate to think what would have happened if the woman had been 3 feet in the air at the time that the mechanism broke. There are going to be real liability issues.

Furthermore, in some of the systems that have had extensive use of wheelchair lift devices, we have seen lift incapacitated by mechanical difficulty, which means the bus also becomes incapacitated. Where the lift is in the front door and you have a failure of the lift mechanism, the lift can jam the front door. Thus, you have to take that bus off the street. It is unusable by everyone. You park it in the garage and maintain it. That requires additional buses to provide the same level of service, because more of them are going to be in the garage on any given day. It requires additional expenditure for mechanics, because very sophisticated electrical and mechanical systems are involved.

Congressman, for all of these reasons, we in the transit industry have consistently asked that the Congress reexamine how best to provide mobility to those citizens who have disabilities, and particularly to wheelchair users. There has to be a more efficient and low-cost way to do it than the one that we are presently being required to pursue.

Mr. EDGAR. I appreciate your comments. You did not talk about the problem of a commuter rail car, as well, which has different size and shapes in platform design.

Mr. SIMPSON. Much of it is analogous to the subway, except in some cases people literally have to go up stairs. Nobody has figured out how to put an elevator on a train car yet.

Mr. EDGAR. You talk about weekly transit passes and other things that employers could give that could be of great advantage. I am concerned about how the IRS treats some of these kinds of things. Parking facilities, for example, are treated in one way, but I am afraid that a pass is going to be considered as taxable income.

Mr. SIMPSON. I understand there will be legislation introduced in this session, Congressman, exactly to that point. You are absolutely right. If a businessman constructs a parking lot, he can depreciate it, he can write it off as a business expense, and he can allow his employees to use it free and without it being considered compensation to them. On the other hand, it can be construed by the IRS today, under the existing law, that if a major employer buys a monthly bus pass for an employee, the employee has to record it as additional compensation and the employer cannot write it off as any kind of a business expense. I think we have to find a way to bring that into better balance.

Mr. EDGAR. One final question in the area of vanpooling and carpooling, which follows up my colleague Norm Mineta's question of you. I also was pleased to hear your comments about vanpooling and carpooling. But I did not detect any enthusiasm as it relates to the New York City metropolitan area.

In just a little bit of study of paratransit and vanpooling growing out of the interest that I have had over the last couple of years, it seems like we have moved it away from being a demonstration project to being not only a usable tool, but a vital, flexible tool in many areas. It can be anything from a 15-passenger vehicle or more, down to a couple of extra people in an automobile, using something like the Shirley Highway express lane.

I had an interesting experience this morning. We had three persons in our carpool, and you need four to get in the lane. So we went recruiting in the real world, and we took one passenger away from the Washington Metro system. We used the fast route to work by stealing someone from the existing system.

I thought I heard you say that if we have dollars to spend, we ought to spend them on public transit, and not on vanpooling and carpooling.

Mr. **SIMPSON**. I tried not to say that, Congressman. [Laughter.]

What I was trying to say, really, is that in the New York area, where inevitably transit is going to have to bear the brunt of any increased demand that results from energy emergencies, the funds are probably more wisely spent on transit service than they are on vanpooling.

I said that it could be quite different in Los Angeles or Denver, or some other places. For that reason, I do urge that those kinds of decisions get made at the local level, with Federal assistance, Federal planning guidance and, most importantly, Federal money.

Mr. **EDGAR**. I guess my concern with that thinking is this. We are really mixing apples and oranges to some extent. I do not think we are talking about megadollars for vanpooling, carpooling, and paratransit.

What we are saying is we need a little bit of seed money here and there; we need some incentives here and there; we need some institutional barriers removed here and there; we need some freedom here and there. We need education in some industries and some government agencies. We need some parking regulations to give incentives to people who will put a couple more people in their car to park a little closer to the front door.

We need some general attitudinal changes in our society to make vanpooling click. If we spend $2 billion in public transit, we are talking maybe $20 million in vanpooling, to achieve not necessarily the same kind of leverage that you get with public transit maybe, but I think your investment is fairly similar.

I just did not want the record to stand that if we have limited funds, that we should not look at some of the real needs in vanpooling and paratransit. They are not going to have megadollars attached to them.

Mr. **SIMPSON**. I think that is fine, Congressman. Again, I would simply say that those funds can most wisely be spent in the areas that do not have adequate transit systems. For the reason that your experience this morning would indicate, in my judgment it would not be sensible public policy for us to compete with each other using public dollars. I do not think that was the intent of your comment.

Mr. **EDGAR**. My comment was that I would like to use vanpooling and carpooling to feed your system. Park at a church in an outlying area or at a school in an outlying area and get on your commuter rail car or get on your subway system or use your busline.

Mr. **SIMPSON**. I think that makes sense.

Mr. **Edgar**. Or serve an industry that might have made the choice back when gas was 25 cents a gallon of moving to a fringe location. For you to send a bus out there would not make very much sense.

Mr. **Simpson**. I agree.

Mr. **Edgar**. I would make one other point, and this gets all involved in your labor needs and your labor negotiations. It seems to me that we also need flexibility in fleet size, because it would seem that late at night, for example, it does not make sense to power a 45-passenger bus down a highway to pick up 6 to 8 people.

I know there are arguments both ways, but I would think that it might make some sense to have a little bit of flexibility in your fleet size.

Mr. **Simpson**. The one comment I would make on that, Congressman, is if you do have sustained ability over the course of the day, including peaks, to deploy a fleet that has some large vehicles and some smaller vehicles in it, then I think that is fine, and it gives you a lot of flexibility throughout the course of the day.

The difficulty that I have seen in looking at questions of whether we should get minibuses or vans as a part of the transit fleet is that usually in the peak hours, you need every bit of capacity you can get, and that means you need the large bus.

If you take as a given fact that you are going to need the large bus during the peak, then the smaller buses for the offpeak are additional buses that require additional maintenance and that require additional storage, and that gets very costly.

I think there have been some useful experiments around the country that help define when you should and when you should not have mixed fleets. I believe that there are no easy answers, but generally there are additional costs in trying to get that kind of diversity.

Mr. **Edgar**. But if you were successful in challenging the 504 regulations and you had a mobility system in place, you might be able to use that mobile, smaller fleet—a bus equipped with a wheelchair that was going door to door at offpeak hours—to do other things.

Mr. **Simpson**. If the Congress gave us that latitude, I am sure there are a lot of systems that would consider it.

Mr. **Edgar**. Thank you. I yield back the balance of my time.

Mr. **Mineta**. Thank you very much, Mr. Edgar.

Mr. Simpson, thank you very, very much for your testimony on behalf of APTA. I appreciate very much your presence here today.

Mr. **Simpson**. Thank you, sir.

Mr. **Mineta**. At this time, I would like to call forward the Deputy Administrator of the Urban Mass Transportation Administration, Lillian C. Liburdi, accompanied by Robert H. McManus, and also Thomas M. Downs, the Associate Administrator for Planning of the Federal Highway Administration.

We are pleased to have you before us today. We will have your statement, Ms. Liburdi, as well as the presentation by Mr. Downs, and then, following that, we will open it up to questions and answers.

TESTIMONY OF LILLIAN C. LIBURDI, DEPUTY ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION; ACCOMPANIED BY ROBERT H. McMANUS, ASSOCIATE ADMINISTRATOR FOR PLANNING, MANAGEMENT AND DEMONSTRATIONS, AND ACTING ASSOCIATE ADMINISTRATOR FOR POLICY, BUDGET AND PROGRAM DEVELOPMENT, URBAN MASS TRANSPORTATION ADMINISTRATION, AND THOMAS M. DOWNS, ASSOCIATE ADMINISTRATOR FOR PLANNING, FEDERAL HIGHWAY ADMINISTRATION, DEPARTMENT OF TRANSPORTATION

Ms. LIBURDI. Thank you very much, Chairman Mineta. Good morning, members of the committee. It is a pleasure to respond to your request and be here this morning to participate in your hearings on mobility in an era of increasing energy, environmental and financial constraints.

Ted Lutz, the UMTA Administrator, has asked me to convey his regrets at not being here today. Unfortunately, Ted's father passed away very suddenly last week in California, and he is out there to help his mother and family through this period. He wanted me to thank you for the opportunity that you have presented us to discuss some of our concerns, problems and issues which are facing UMTA and the transit industry.

In your letter, you specifically asked for several items of information; I will touch on each in a few moments. We have, however, also taken the opportunity to convert each of the questions into a question and answer format, and we will be submitting them to the committee for inclusion in the official record. Also, we will forward shortly to the Congress a legislative proposal for changes in the UMTA program and for increased authorization levels. Some of the issues I want to outline for you this morning will be addressed by that proposal.

For the purpose of my oral remarks this morning, I have changed the order of some of the information that is presented in the written statement that you have. I have moved forward some of the specific issues that you asked about, so that we might touch on those early. And then I have gone into more detail on some of the problem areas that we would like to discuss with you.

We are considering a major restructuring of the section 5 formula grant assistance program, and we will suggest changes based on problems we see with the present program. Those problems include an inequity of fund distribution, which Mr. Simpson commented on this morning; a decreasing proportion of fare revenues in contrast to expenses; and few incentives to increase ridership, service, or revenues.

We believe that the section 5 operating assistant program has generally helped local areas maintain attractive transit services at a reasonable cost, but that the program must also be a positive force to encourage areas to take the kinds of actions necessary to improve and expand services.

Our budget for fiscal year 1981 and a supplemental appropriation request for fiscal year 1980 will shortly be presented to the Appropriations Committee. Both are based on expenditures of revenues expected from the windfall profits tax. The authorization levels in our proposed legislation include amounts from the general fund expected to come from those tax revenues.

Put quite frankly, our program depends on passage of the windfall profits tax, and we were pleased that the conferees made progress yesterday in that regard. Its passage and the passage of the authorizing legislation to put those revenues to use in support of public transportation activities must be a top priority to assure the very important future efforts of the public transportation program.

There are some new program approaches we are undertaking to find better ways of doing business in UMTA, and I would like to outline a few of those for you this morning. We are taking a number of actions to improve the decisionmaking process for urban mass transportation investments. We are reviewing our processes and procedural requirements and revising them where necessary.

We will closely examine prospective major investments through alternatives analysis. Preliminary engineering, where necessary, will be used to develop better cost estimates. In this fashion, worthwhile projects can be queued and provide a basis for approvals and budget decisions in the future.

Moreover, we are actively considering ways to reduce the time required to conduct the requisite alternatives analysis and engineering so that project implementation decisions can be made more expeditiously and cost escalation prompted by inflation can be held to a minimum. In addition, our changes will allow local and State officials to have a better idea of exactly how their decisions relate to Federal investment decisions.

Finally, with regard to major investments, we are considering some internal organizational changes which would facilitate better handling of prospective projects after the analyses are completed.

Before discussing some of the other major issues and efforts, I would like to briefly turn to some of the specific items you asked about and give you a few comments on them. As I mentioned earlier, we will provide much more detail on those issues for the record, and also I expect in your questions this morning.

We believe that in general the UMTA program has been successful in achieving its legislatively mandated goals of continuing and improving mass transportation service through the provision of continued Federal financial assistance. It is necessary to recognize, however, that the secondary statutory goals—and I do not necessarily mean that they are secondary in importance to us—of promoting efficiency, effectiveness, and productivity of transit operations have met with mixed success. I want to point out that these are fundamentally the responsibilities of management in local communities, primarily the transit operators. We believe that many of the legislative changes that we are considering in our proposed legislation will assist in promoting a climate for local operators to make substantial progress in these areas.

Our service and methods demonstration program has made notable achievements in developing new approaches to improving mobility. Among these are investigations and promotion of the transportation "brokerage" concept, reserved bus lane programs and carpool and vanpool lane programs, timed transfer concepts, staggered work hours, and other strategies, some of which we have classified under transportation system management efforts. I would like to note that the detailed comments to be provided for the record summarize many of those approaches in detail, and Mr. Downs' presentation will also talk about some of them in slightly more detail.

Another area in which we have focused much attention is that group of activities that supplement and complement conventional transit—ride sharing, paratransit and TSM strategies.

Success has been slow in coming, however, because we believe in many instances the concepts are easier to articulate than they are to make operational. One example here, of course, is our paratransit policy statement, which has long been in development because of internal, organizational debate and discussion over our belief that we must clarify certain complicated 13(c) and 3(e) concerns sufficiently well to inform grantees of the potential impact of the proposed program activities, it is still undergoing discussion, and we hope to come to some conclusions on those issues in the coming 2 or 3 months.

We have, with the support of the Federal Highway Administration, instituted prototype energy contingency planning studies, and a number of other activities designed to generate both contingency planning and conservation planning efforts at the local level. In fact, every urbanized area over a million in population, particularly the 25 largest, has included these activities in their 1980 transportation work program. Again, Mr. Downs will be speaking in more detail about those efforts.

Though imprecise measurement methods exist, since 1973 we have seen an increased transit ridership nationally. That trend appears to be steady and probably will continue in the future. Our problem now is one of predicting the rate of this continued growth.

Transit costs have been increasing at a rate slightly higher than the rate of general inflation, while revenues have increased at a rate slightly below that of general inflation. Again, we believe that our proposed legislation will tend to bring those two trends closer together. Other than the specific legislative changes we will seek, we do not seek a national fare policy.

You asked also about the section 15 reporting program. The first full year of data for that reporting requirement has been submitted to us as prescribed. The data are now being entered into our computer system, and we expect that the publication of the first series of so-called output reports will be available early this summer.

Given the size and the scope of the section 15 reporting system, its implementation has been remarkably free of difficulties. I might add that the report on the status of the system required by the Surface Transportation Assistance Act of 1978 was forwarded to the Congress, and we will provide to this committee additional copies for your use.

Through our service and methods demonstration program research efforts, we are collecting data to monitor the effect of the Federal Government's new policy on requiring parking fees by Federal employees. We have contracted with the Metropolitan Washington Council of Governments to collect data on Federal employee commuting habits before and after the recent fee increases. We expect to be able to report on the outcome of that study early in the fall.

Several activities in the procurement area were underway in UMTA before the guidance to us from the Appropriations Committee about life-cycle costing. We presently have preliminary guidance out to our field staff concerning life-cycle costing for use in the procurement of buses. We expect to put out later this year a more developed set of procedures, including guidance for the procurement of rail cars. Our intent, however, is to move incrementally and reasonably. We want to be responsive while continuing to meet procurement demands.

UMTA is involved in a number of major aspects of redtape reduction at this time. We are reviewing existing program guidelines and regulations to reduce the reporting burden by grantees in preapplication procedures. This reduction would take the form of recordkeeping by the grantee in lieu of heavy reporting requirements, annual rather than semiannual submissions, updates of information submitted one time only, and certifications by grantees of their intent to meet program objectives and requirements, rather than the submission of reams of evidence supporting their applications.

This approach to redtape reduction has been applied initially to section 5 operating assistance, and we expect, after a final revision of those proposed changes, that a notice describing those new efforts will appear in the Federal Register shortly. We will also undertake a similar effort with respect to the capital grant assistance program and our other major assistance programs, including the planning activities that we engage in.

For those programs in which no formal rulemaking has ever taken place, we are committed to publishing notices of proposed rulemaking for public review and comment. It is our hope that we can engage in an open and candid dialog with the grantees and with the interested public groups to build the most useful document or regulation possible. To be included in that rulemaking review will be an assessment of whether the State, local, or Federal government shall be held accountable for certain kinds of information submitted. We will also include information on UMTA grant management procedures through our rulemaking effort, and that regulation will be based on the OMB Circular A–102 guidance that was recently published.

In those program areas where we have issued guidelines in the past, and those guidelines inhibit good practices or are outdated by the reality of the circumstances we are confronting today, we intend to revise them with public input to assure that they are valid and that they are useful.

Two examples of that concept are the bus rehabilitation and stockpiling activities that we have been engaging in most recently. On February 11, we published in the Federal Register a proposed policy and guidelines on bus rehabilitation applicable to funding from sections 3 and 5, the interstate transfer and FAUS sources. Basically, the policy states that buses must be selected for rehabilitation based on common features that assure they are part of a group of vehicles in an area possessing similar rehabilitation needs and that each bus to be rehabilitated should be at least 12 years old.

Our intent is to extend the service life of these vehicles to at least 17 years from the date of the bus' original entry into service, and in no case should rehabilitated buses have a life of less than 5 additional years.

The cost of the improvements may not normally exceed 60 percent of the average annual amortized value of a new bus, based on a 12-year life multiplied by the number of years the life of the bus is extended. That was the issue that Mr. Simpson and members of the APTA organization have given us some preliminary comments on, and we expect that they will detail their comments about that formula in their response to the docket.

Additionally, we have indicated in the proposed regulation that the formula would not include the cost of accessibility features for handicapped purposes, but that the vehicles, if they are technically or technologically capable of taking a lift device, should be made accessible. We also indicate that rehabilitation work may be performed with grantee in-house capability or performed by outside sources, and we also suggest that a 6-month warranty on parts and labor should be part of the rehabilitation program.

In addition to that policy, we are preparing for publication in the Federal Register within the next 2 weeks a policy on the stockpiling of buses for emergency use. We would be encouraging authorities to hold on to buses that they would normally sell, as current procedures that we employ require them to do. Instead of selling or scrapping those vehicles, they would stored for use in a fairly close to readiness state in times of national energy emergencies resulting from petroleum shortfalls, or for use as a supplement to regular transit service when unexpected changes in local conditions warrant an immediate increase in mass transit capacity.

Another area of significant concern to us has been maintaining the national transit capital plant, and again, Mr. Simpson commented quite extensively on problems in the New York area. The problems are not universal, nor do they manifest the same characteristics in every case where they do exist. In some areas, the problems result from a lack of trained personnel; in other areas, it was a conscious decision in the past to defer maintenance which has generated the state that the operation may be facing now; in still others, it is the lack of adequate or up-to-date maintenance facilities.

We are now assessing alternatives and options available to us through our contractual framework, particularly through the section 5 operating program contracts, and may issue new terms and conditions which would require a new local emphasis on maintenance.

But I would like to stress that before we do that, we will engage in a very significant and, we hope, extensive dialog with the local operators to understand what kinds of maintenance responsibilities or national maintenance considerations we should keep in mind and express through our regulations.

Our appropriation request for fiscal 1981 will show that we have begun to place major, increased program emphasis on rail rehabilitation and modernization for that group affectionately known by us

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as the eight "old-line" rail cities. Through May 1977, only 28 percent of the capital grants we had made until that time had gone for rail modernization purposes, with the balance of our resources being equally divided between new rail starts and extensions and bus program acquisition efforts.

Since then, in recognition of both strongly expressed local needs and congressional interest, the balance has shifted strongly in favor of rail modernization, with over 46 percent of our section 3 funds programed for that purpose in fiscal 1980. Rail modernization is now the largest UMTA capital program category. That is both reflective of a shift in demand and of the success of rail modernization projects relative to other uses of capital grant funds. A May 1979 UMTA evaluation of rail modernization grant impacts shows that these projects have significantly diminished the deferred maintenance and delayed cyclical replacement that has accumulated over the year in the old rail cities.

Our emphasis on rail modernization will attempt and, we hope, make significant progress toward arresting the potential ridership declines and removing the capacity limitations which have tended to keep rail ridership from increasing in the past.

I would like to conclude with one comment that is related to our legislative proposal and our appropriation request. Our current staffing levels in UMTA are not adequate to administer the program activities that we have responsibility for in an efficient and effective manner. Our program activities and their complexities have grown at a disproportionate rate with respect to staffing levels. New activities have been undertaken with no corresponding staff increases. The most notable example of that has been the section 5 program. We did not receive staff to implement or administer this new program and received only minor additions as the activity has grown in the last 5 years.

Unfortunately, while concentrating on an effort aimed at consolidating UMTA and the Federal Highway Administration, the Department ignored the necessity to adequately increase its staff in the interim. The fiscal 1981 appropriation that the Secretary has forwarded does include a request for 60 new positions and does, we believe, make significant progress in providing the kind of staff necessary to do a good job for the people of this country.

Mr. Chairman and members of the committee, I would like to thank you for the opportunity to appear here today. Mr. Downs has a presentation which he would like to make. Upon its conclusion, Mr. Downs, Mr. McManus and I would be happy to answer any questions you may have.

Mr. Mineta. Mr. Downs, it looks like we are about to have a vote. We have a call of the House for a recorded vote on the rule relative to Central American assistance funds. Rather than start your testimony and then have to break, we will just go ahead and recess right now and reconvene in 10 minutes.

Mr. Downs. At your pleasure.

Mr. Mineta. Thank you.

[Whereupon, a brief recess was taken.]

Mr. Mineta. Mr. Downs, if you would go ahead and make your presentation.

Mr. Downs. Thank you, Mr. Chairman.

Mr. Chairman, I am Thomas M. Downs, Associate Administrator for Planning, Federal Highway Administration, Department of Transportation. I am pleased to appear here today with UMTA officials to discuss our joint efforts on assuring mobility in this era of increasing constraints.

In this era of increasing energy costs and energy supply uncertainties, air pollution and other environmental consequences associated with automobile use, and fiscal constraints being felt by Federal, State, and other local governmental levels, the Federal-aid highway program is shifting emphasis away from added capital facility construction to provide more system capacity for highway vehicular movement.

The emphasis is now being directed toward the means that will enable the existing system to be used more efficiently. The existing investment in this Nation's highway plant and the private investment in the vehicles that use it are enormous. We must direct our efforts at how to better use it rather than to adding to its size.

Mobility can be assured despite energy, environmental, and financial constraints. The reason is that we have so much fat in the main component of the system, the private investment in the individually owned auto. This fat is the empty seats that are not being used. On the average, during the peak commuting periods, 90 percent of the autos have only the driver in them, which means there are three empty seats available to provide mobility at little or no increased use of fuel, environmental impact, public or private investment.

Some figures to show the scale of this system capacity that can be used are:

One, currently, about 15.6 million persons use some form of carpooling/vanpooling to commute to work every day.

Two, there are about 150 million empty seats in private autos during the peak commuting period.

Three, if the number of persons/auto were to increase by only 0.8 of a person, from 1.2 to 2, approximately 350,000 barrels of gasoline per day would be saved.

Recognition of these figures and the need to do all we can to increase not only the number of persons using transit but those using the auto in a carpool or vanpool mode is what has enabled FHWA and UMTA to join forces. The FHWA is attempting to discourage the inefficient use of the auto, when it is used by only the driver, and to get more of these one-person-per-auto trips into carpools, vanpools, and transit.

To accomplish this switch to higher occupancy vehicles (HOV) a wide range of transportation system management (TSM) actions are needed. HOV incentives include actions such as fringe parking facilities, high occupancy vehicle lanes, priority entry to freeways, parking priority for carpools and vanpools, parking pricing actions, and alternative work schedules. In addition, traffic control system improvements such as signal timing optimization improve operations and provide for energy conservation.

To better manage the auto in the city and contribute to urban mobility and revitalization, a number of auto management actions such as parking management, enhanced opportunities for pedestrians and bicycles, transit malls, and auto restrictions can be developed and planned in conjunction with the private sector. Improved efficiency of goods movement operations in downtown areas and improved access to major terminals such as ports can save energy and reduce our costs of goods.

The GAO report titled, "Stronger Federal Direction Needed to Promote Better Use of Present Urban Transportation Systems" pointed to the need for better coordinated Federal administration of the planning process and stronger Federal directions on TSM. Although we agree that some further clarification would be useful, we believe that the key is enhanced recognition of the need for TSM at the State and local level.

We believe further Federal regulations, directives, or TSM documentation are not the answer. Increased information dissemination to local officials on the potential of TSM strategies, technical assistance, and provision of the funding flexibility to implement a wide range of TSM actions are the most important ingredients to a more effective TSM program.

Local areas must be able to tailor solutions to their metropolitan areas based on goals and problems that have been identified and evaluation of the most cost effective and energy efficient strategies to address these problems. High occupancy vehicle lanes, for example, may not be appropriate for smaller urbanized areas, while solutions such as signal timing optimization and a basic ridesharing program may be effective actions in any urbanized area.

The FHWA has recognized the strong potential role of TSM projects in energy conservation. In the FHWA program emphasis areas for fiscal year 1980, ridesharing, high-occupancy vehicle lanes, fringe parking, traffic signal timing optimization, and energy contingency planning are being particularly emphasized. Each regional office has been asked to set energy conservation project targets tailored to each State and metropolitan area. Progress toward achievement of these goals is being monitored quarterly.

The FHWA is issuing an energy policy statement directing attention to energy conservation in all aspects of the Federal highway program and giving strong emphasis to energy contingency planning.

Because of the threat of drastic curtailment of imported oil, FHWA and UMTA issued guidance to our field offices in March 1979 strongly encouraging State and local areas to undertake transportation energy contingency planning. Regional workshops have been held to exchange experiences in contingency planning. Subsequent joint technical guidance has been prepared on development of ridesharing, paratransit, and transit strategies for energy contingencies.

EFFECTIVENESS OF TSM STRATEGIES—RIDESHARING

Under the Emergency Highway Energy Conservation Act of 1974, Federal aid highway funds were authorized to be used for carpool demonstration projects. Between 1974 and 1977, 106 carpool projects in 34 States and 96 urbanized areas comprising a total budget of $16.1 million were implemented. An evaluation of this initial effort sponsored by FHWA reached some very significant conclusions.

A well-designed and well-executed ridesharing program is one of the most cost-effective methods for improving transportation conditions in urban areas. The costs of implementing ridesharing projects average only 2.5 cents per vehicle mile of travel saved. The annual savings in vehicle operating costs alone resulting from comprehensive ridesharing projects are 5 to 8 times greater than annual project costs.

The benefits of ridesharing are much broader than just reduced vehicle operating costs. The benefits include such impacts as reduced parking space requirements; deferral of highway capacity additions in congested corridors; shortening traveltime and delays on routes where VMT is reduced; reduced air pollutant emissions; and possible reductions in automobile ownership.

For the six projects that surveyed the general population as well as those who requested carpool matching, the fuller impacts of ridesharing yielded average savings of 3,000 daily 2-way commuter vehicle trips and nearly 12 million annual vehicle miles of travel which together netted savings of approximately 1 million gallons of gas and $1 million in vehicle operating costs.

The results are especially impressive in view of the fact that the demonstration projects had made only limited use of a wide range of ridesharing incentives. Far more effective combinations of incentives are now being implemented in newer, more comprehensive ridesharing projects. These incentives, such as preferential carpool/vanpool parking, park-and-ride lots for carpoolers, preferential lanes for high-occupancy vehicles, pricing incentives, interest-free loans for vanpools, and employer-sponsored vanpool and subscription bus services, offer great potential to expand ridesharing.

During calendar year 1979, $41,530,752 in Federal aid highway funds have been obligated by 45 States for a variety of ridesharing projects. This represents a 155-percent increase over the preceding year. Because of the rapidly increasing concern over the energy supply situation, this figure is expected to substantially increase in coming years.

Some specific examples of current successful ridesharing projects are:

California: "RIDES" in the San Francisco area is a regional nonprofit organization offering comprehensive computerized ridematching service since 1978 throughout the bay area. They have a particularly impressive vanpooling program and have recently initiated an on-line real-time ridesharing matching service which gives persons calling in the information on potential matches similar to the way people can get airplane reservations by phone.

Texas: The CarShare program in Houston is one of the best examples of a successful continuing project. CarShare staff work directly with employers as well as individuals in promoting carpools, vanpools, and public transit. In a single year, the Houston community saw the following benefits from its program: 35,674,080 less vehicle miles of travel; 1,284 less tons of pollutants; 2,428 fewer parking spaces needed; $5,707,853 saved in individual commuter costs.

New Jersey: New Jersey is an excellent example of a State that advocates the total concept of ridesharing. During fiscal year 1979, $484,792 were authorized to purchase 68 vans. New Jersey already has approximately 647 vanpools in operation and has spent $6 million in Federal aid for ridesharing activities since 1974. An additional $75,000 in urban system funds will be used for an intensive marketing campaign for the ridesharing effort.

Minnesota: The 3M Co. of St. Paul, Minn., has saved $2.5 million from the reduced need for employee parking spaces. It is estimated that 3M's program has saved 1,165,000 gallons of gasoline between 1973 and 1979.

Tennessee: Tennessee Valley Authority estimates a savings of over $20 million by reducing the need for additional parking and highway facilities through its vanpool/buspool program. TVA serves 7,000 employees at 20 work locations in 4 States with its comprehensive ridesharing program including 450 vans and 60 buses. In addition, 180 vans are on order and 40 more buspools will be operating by spring.

North Carolina: North Carolina has begun an extensive rideshare promotional campaign. A State employee vanpool program has been developed which is operated through the State Employees' Credit Union.

Missouri: Hallmark Cards, Inc., of Kansas City, Mo., estimates that approximately 25 percent of the company's employees are sharing rides.

TRAFFIC CONTROL SYSTEMS

Improved traffic control measures such as signal interconnection and optimization offer energy savings through smoother traffic flow and less delay at intersections. Optimizing the operation of the Nation's 240,000 traffic signals is one of the most cost-effective measures which can be taken, with an estimated savings nationwide of 50,000 barrels of gasoline daily. This figure assumes retiming to optimum conditions of the 130,000 signalized intersections existing in coordinated systems today.

With the necessary priority and effort given by the implementing agencies, we estimate that this savings could be realized within 4 years. To promote awareness of this potential energy savings, the FHWA is developing a pilot cities program to optimize the timing at approximately 1,000 signalized intersections in 10 to 20 jurisdictions. This program will develop training materials for operating agency staffs, execute the retiming plans, and evaluate results. The ultimate goal is to have as many jurisdictions as possible aware of the cost effectiveness of this relatively simple action.

Signalizing freeway ramps affects energy savings by smoothing vehicular flow on the freeway thus decreasing total traveltime. In Los Angeles, a program of ramp metering involving 851 ramps in the region is estimated to save 24 million gallons of fuel annually. Freeway ramp metering studies conducted in Minneapolis, Chicago, Los Angeles, Houston, Detroit, and Toronto reveal an average speed improvement of 20 percent, even with ramp delays taken into consideration. We are aware of many ongoing studies of ramp metering and are sponsoring a series of workshops on computerized techniques which simulate and evaluate various strategies.

Traffic signal improvements have been shown to produce impressive reductions in traveltime and fuel use. Studies conducted in cities such San Jose, Los Angeles, Charlotte, Fort Worth, Toronto, and Washington have shown an average of almost 12 percent improvement in speed and traveltime through affected intersections.

Areawide impacts of a comprehensive traffic control system improvement project have also been estimated. Results of one study have shown a 3.2 percent reduction in total fuel consumption, even though total vehicle miles of travel increased 1.1 percent. Thus, improved traffic control can improve mobility when defined as the actual amount of travel, while reducing energy consumption at the same time. If traffic control improvements are concentrated on transit routes and the signals set in a manner which allows for improved bus operations, we also improve the transit level of service and operating costs.

We are moving ahead with traffic control signalization projects at the 100 percent Federal share, as provided by the 1978 Surface Transportation Assistance Act. I have included for the record several items which discuss the program eligibility and status. To summarize, over $14 million was obligated in fiscal year 1979 at the 100 percent level.

We expect fiscal year 1980 to continue as a startup period for the 100-percent funding program, with much greater obligations as the program matures and there is more recognition of the considerable impact that traffic control signalization can have on energy conservation and safety.

Nine million dollars were obligated in the first quarter of this fiscal year including projects in four additional States and Puerto Rico that had not previously used the 100 percent funding for signals. Thus, as of December 31, 1979; 19 States, the District of Columbia, and Puerto Rico had used the special ratio and a total of $23 million had been obligated.

HIGH OCCUPANCY VEHICLE FACILITIES

Use of ridesharing and transit can be greatly facilitated through provision of HOV lanes which allow the pool vehicles and buses to bypass peak period traffic delays. The localized effects of such actions can be significant, and many areas are considering HOV facilities both on freeway segments and on surface streets. We believe these facilities will significantly increase transit and ridersharing use, particularly when implemented in conjunction with other actions such as fringe parking, ridersharing programs, and increased transit level of service.

There are currently 74 exclusive-lane HOV projects in operation in 23 States and over 30 metropolitan areas. Another 54 projects are in various stages of planning, design, and construction. Many of these facilities are on freeways but also include arterial street priority lanes and downtown transitways in a number of cities.

The most successful HOV lane is the Shirley Highway (I-395) in northern Virginia, where two HOV lanes carry over 65 percent of the people in only 24 percent of the vehicles during the peak hour on this facility. The remaining three conventional lanes carry 35 percent of the people in 76 percent of the vehicles. The 11-mile section of exclusive HOV lanes connecting Los Angeles and El Monte, the San Bernardino busway, is also considered to be a good example of this concept. An estimated 5,000 gallons per day is saved by this HOV facility.

Priority access ramps for buses and pool vehicles have also been used to bypass congestion in conjunction with metered ramps. Bypass lanes on nine metered ramps south of Minneapolis were estimated in 1975 to save, 1,000 gallons of gas per day. The FHWA, in conjunction with UMTA and the Office of the Secretary, is sponsoring and participating in research and evaluation projects which continuously improve our knowledge and experience with the HOV concept. The FHWA/UMTA urban policy guidelines require that priority treatments be specifically considered in all major project development.

Enforcement of specific project regulations, such as the number of people constituting a carpool is a particularly important component to success of TSM projects. The International Association of Chiefs of Police at their recent annual meeting adopted a resolution that cites the need for law enforcement in the operational success of exclusive bus and carpool lanes as well as metered ramps. The resolution urges the U.S. DOT to recognize the role that police traffic agencies have in insuring the operational success of these preferential highway improvements.

We are urging through our field offices the direct involvement of police traffic agencies in the development of Federal, State, or local transportation plans and projects involving preferential treatments of HOV's.

FRINGE PARKING

Fringe park-and-ride lots are a relatively easily implemented action which are receiving a good deal of interest. They facilitate transfer to more energy-efficient modes, and reduce travel and congestion in the downtown area by shifting the parking away from the area.

The cost of such projects can be very small, as many areas have instituted fringe lots in shopping centers and other existing parking areas. Working with shopping center lots can prove to be beneficial to the merchants in the area, as more and more drivers try to combine trip purposes for conservation and many tend to do their shopping at the park-and-ride area. The impacts of fringe parking lots are usually directly related to a number of other factors; such as the expansion of express bus service, carpooling programs, and HOV facilities.

Studies conducted by the council of governments in Dallas/Ft. Worth have estimated that almost 2,000 gallons of gas per day would be saved with a system of 23 lots with bus service throughout the area.

One recent study in Baltimore undertook an extensive survey and data analysis at five fringe lots in the metropolitan area. The analysis shows that these lots have removed over 2½ million vehicle miles of travel from the area annually, with a savings of over 200,000 gallons of gasoline. As another example, the Missouri State Highway Department has 38 lots in use, and estimates that a savings of 1.5 million gallons of gasoline annually has been achieved.

The Connecticut DOT has been particularly active in the use of fringe lots, with 123 in use as of September 1979. They have also executed federally funded leasing arrangements with shopping centers which have proven to be mutually beneficial, as merchants feel that the commuter parkers shop before driving home.

PEDESTRIAN AND BICYCLE FACILITIES

Nationally, over 5 percent of all commuters walk or use a bicycle to get to work, about the same percentage that use transit. Much more attention is needed to downtown pedestrian opportunities, and bicycle and pedestrian facilities along major arterials and in suburban residential and shopping areas.

Such activities are aimed at expanding alternatives to the automobile through auto restricted zones, bike lanes and paths, bike lockers, and other facilities, and pedestrian improvements. Auto restricted zones, such as Boston's Faneuil Hall and downtown crossing areas have shown that closing streets to the auto while enhancing the pedestrian environment can be economically viable to the merchants and reduce the dependence people have on their autos. The skywalk system in Minneapolis allows the pedestrian to move comfortably through sections of the downtown without conflicting or depending on the auto.

Over 60 percent of all vehicle trips are less than 5½ miles in length, with over 24 percent being less than 1.5 miles. Potentially, many of these trips could be shifted to nonmotorized modes with significant energy and air pollution reductions if an improved system were provided to accommodate them.

An FHWA notice of proposed rulemaking published in the January 3, 1980, Federal Register sets up a bicycle grant program and outlines procedures for use of the $4 million appropriated to carry out section 141 of title 23. The emphasis for project selection is on enhancing the safety of bicyclists and those projects benefiting the community to the largest degree. We hope that some of the selected projects will be able to contribute to appreciation of energy conservation and mobility goals for this often overlooked transportation mode.

PARKING MANAGEMENT

Much of the past attention to parking has been toward accommodation of vehicle demand. Realizing the importance of parking management in encouraging high occupancy vehicle use, energy conservation, and urban revitalization, FHWA undertook a major study to review parking management strategies that have been tried and to develop a guide for local officials, planners, and operators for implementing parking programs. Actions reviewed include strategies such as fringe parking, offstreet supply management, onstreet supply, pricing, and priorities for HOV vehicles.

Effective management of the supply, location, pricing, and operational policies of parking supply has great potential as a TSM action. Nationally over 90 percent of automobile work trip commuters park free. Control of convenient, inexpensive parking for the one-person-per-car commuter could be successfully used to encourage model shift.

An example of the potential impact of such efforts is found in Ottawa, Canada, where a 23-percent decrease in auto work trips occurred when Federal employee parking rates increased from zero to $20 per month. Transit ridership of the Federal employees also increased by 16 percent.

Enforcement of curb parking restrictions, especially during peak periods, can improve traffic flow and particularly aid transit vehicles which operate in curb lanes. In the District of Columbia, it was estimated that over 40,000 cars parked illegally every day. An extensive enforcement program involving civilian ticket writers, a towing program, booting of scofflaws, simplified parking adjudication, and a residential parking permit, is serving as a model for other major cities. In addition to reducing illegal parking, and improving traffic operations, the program is generating substantial revenue for the city.

Parking rates are being structured in more cities to favor the short-term shopping trip over the all-day commuter trip. This enhances downtown revitalization efforts. Preferential parking locations for high occupancy vehicles can also encourage more energy-conserving tripmaking.

The impact of pricing changes on long-term commuter parking is evident in Chicago where a substantial fee increase at eight downtown municipal facilities resulted in a 72-percent decrease in the number of long-term commuter parkers. Short-term parking fees remained low, resulting in an increase in the number of short-term parkers at eight facilities.

GOODS MOVEMENT

The FHWA and UMTA are strongly encouraging inclusion of goods movement in the planning process. Recent joint guidance to field offices emphasizes the importance of efficient goods movement to improved productivity and energy efficiency and directs attention through local work programs and transportation improvement programs.

The FHWA, in cooperation with State and local agencies and the American Trucking Association, recently completed a guide on urban goods movement planning to assist local planners and engineers in identifying problems. For example, the lack of facilities for truck loading/unloading can directly cause severe disruptions and bottlenecks to traffic flow in the downtown area.

Simple regulatory, policy, or enforcement changes to assure that truck loading zone areas are available for their intended use can result in significant improvements. Access improvements to freight terminals such as ports can increase productivity and strengthen the economic base of a community. Improving the position of urban goods movement requires close coordination with the private sector. Dallas was very successful in organizing a goods movement advisory committee involving various local agencies and private sector.

Fleet operators can improve the efficiency of local pickup and delivery operations. Reductions in miles driven of over 20 percent have been achieved where route efficiency has been analyzed and changes made.

Over the past year in particular, there has been an encouraging shift in the receptiveness of State and local officials to using more of their apportioned Federal-aid highway construction funds for these nonconventional TSM projects.

There are many reasons for this. The most important are: (1) Changes in the Federal legislation which permit many of the actions to be eligible such as that pertaining to carpooling/vanpooling; (2) the active encouragement of or FHWA field offices; and (3) growing awareness of State and local officials of the cost and energy effectiveness of these actions.

On the other hand, there are many reasons for there not being considerably more use of these Federal-aid highway construction funds. These include: (1) Historical organizational bias toward normal highway construction activities; (2) existing constraints in 23 U.S.C. which do not permit the Federal-aid funds to participate in certain nonconstruction and/or recurring activities; (3) State and local priority needs for additional highway construction; (4) desire to use other Federal funds for TSM and save the apportioned highway funds, and (5) a belief that TSM means "too small to matter."

To convince State and local officials to use more of their Federal-aid highway funds for TSM actions, the administration has proposed transportation energy legislation that was submitted to the House and Senate on September 14. This approach would amend 23 U.S.C. to provide for an increased Federal share, 90 percent, of the cost of projects which would conserve energy through improved use of automobiles. This would use additional discretionary Federal funds to finance only the increase in the Federal share of such projects which also use regular Federal-aid highway funds at the normal, 75 percent, Federal share. This funding arrangement provides a strong incentive for State and local officials to redefine their priorities away from normal physical highway construction projectors toward these nonconventional TSM projects. It accomplishes this goal by using the additional Federal funds as leverage for State and local officials to direct their use of apportioned Federal-aid highway funds to TSM.

There are two different approaches that State and local officials could take in leveraging their apportioned 75 percent Federal share Federal-aid highway funds with the additional discretionary Federal funds so as to develop TSM progams which result in a 90-percent Federal share.

One approach is to use the additional Federal funds as a substitute for their local matching funds to reduce the amount of local funds which would be needed when TSM-type projects are programed. This approach would, however, result in their getting the minimum amount of additional Federal funds as their bonus for directing their apportioned Federal-aid funds to TSM projects. For each $100 of Federal-aid funds so used, they would receive $20 of added Federal funds and save $20 of local match required.

The other approach is to use the same amount of local matching funds for their TSM program which they would have used for normal highway construction so as to get the maximum amount of additional Federal funds as their bonus for directing their apportioned Federal-aid funds to TSM projects. For each $100 of Federal-aid funds so used they would receive $200 of added Federal funds.

There is an urgent need to remove the existing constraints in 23 U.S.C. which preclude Federal fund participation in many of the nonconstruction-type activities that are required for TSM improvements.

OTHER NEEDED ACTIONS

Last April, President Carter took a bold and correct step to eliminate free parking for most employees who work in metropolitan areas. The parking fees were introduced on November 1, 1979. Paying fair market value for parking encourages employees to carpool or vanpool in order to share the costs. Previously, even though the majority of Federal employee parking spaces was ostensibly reserved for carpoolers, the phenomenon of the phantom carpooler was widespread.

The President emphatically underlined our commitment as an employer to ridesharing by recently issuing Executive Order 12191 on the Federal facility ridesharing program. This Executive order requires executive agencies, among other things, to establish annual employee ridesharing goals, to implement programs and incentives necessary to meet these goals, and periodically to report progress. The Administrator of General Services, in consultation with the Secretary of Transportation, will report annually to the President on the effectiveness of this program and will make recommendations as necessary to improve agency performance.

As of this date, the executive branch is alone in setting this example although legislation such as S. 930 has been introduced that would extend parking charges to other branches of Federal Government and thereby provide an incentive for ridesharing. As we testified before the Senate Government Affairs Committee last August, we welcome congressional action in order to assure that congressional and judicial employee parking policies are consistent with those of the executive branch.

One issue that is frequently raised regarding the Federal Government acting like a private employer is that in one very critical respect, our ridesharing efforts are constrained by the provisions of Federal law, title 31, U.S.C., section 638(a)(c)(2). This law prohibits Federal agencies from using vehicles purchased or leased with appropriated funds to transport employees between their homes and employment sites. Therefore, we cannot emulate the 300 or so private employers around the country that sponsor employee vanpool programs, nor can we permit employees to take a vehicle home, even when such a policy could save energy by reducing the roundabout travel involved in picking up a Government vehicle needed for official business. Just as in private programs, the ridersharing Federal employees would pay all costs, including operating expenses and prorated vehicle depreciation. We are examining whether 31 U.S.C. 638(a)(c)(2) should be amended to provide a specific exemption for vehicles used as part of an employee ridersharing program in which employees pay all costs associated with the commute trip.

Another area that needs congressional attention is the question of the Federal income tax status of employer-provided or subsidized parking and a related issue, the tax status of employer-subsidized transit passes. The current situation is that parking usually is treated as nontaxable whereas discounted transit passes are taxable. The inconsistency, more obvious in certain parts of the country, is well known to the Internal Revenue Service (IRS). The IRS and Treasury are prohibited from resolving this inconsistency because Public Law 95-427 forbade the Commissioner from issuing any rules or regulations dealing with a wide spectrum of employer provided benefits. The congressional moratorium has been extended until June 1981. We believe this issue needs to be addressed very soon as an increasing number of employers, seriously looking for transportation options to offer their employees, receive conflicting or incomplete messages that discourage them from doing something positive.

Switching the focus briefly to States, there are two types of barriers that need to be removed to permit increased, and faster, implementation of TSM type projects. The first is in the area of rigid State laws and policies that prevent using Federal-aid funds as flexibly as Federal law permits. The historical reasons for this situation are easy to discern. Just as with the Federal-aid trust fund itself, State revenues for highway projects were dedicated to specific types of improvements, which were usually of a construction nature. While Federal-aid legislation has gradually broadened the definition of construction to include such things as implementing carpool and vanpool projects, State laws have not necessarily followed suit.

This has resulted in the implementation of certain non-construction projects, eligible for Federal-aid funding, to be totally dependent upon other revenues sources for the needed matching money. There is no quick solution to this problem as it touches upon the State perogative to decide how to use Federal-aid funds, but it nevertheless continues to be a major stumbling block to implementing more transportation management solutions to today's problems.

One approach we may have to consider is developing a model law on funding highway transportation improvements for State legislatures to use as a guide to amend their own laws. Through a contract with the National Committee on Uniform Laws and Ordinances, we have just completed an extensive commentary and have developed a model State law on ridersharing which seeks to remove the legal impediments to ridesharing arrangements. States, especially State legislators, have enthusiastically welcomed this model law and perhaps we will pursue this course when the full dimensions of the State funding problem are identified.

One other activity I would like to briefly highlight is the President's action last October that established a National Task Force on ridersharing composed of outstanding leaders in both the private and public sectors. The objectives of the Task force are action-oriented: To expand ridersharing programs through direct encouragement and assistance and to create a continuing dialog among all parties involved in managing ridesharing programs and providing incentives.

The Task force has met with Secretary Goldschmidt and has formed five committees to tackle the problems of marketing and information, insurance, financing, institutional issues, and incentives. While much of the Task Force's attention and energy will be spent to encourage private employers to assist employees to get to work through ridersharing instead of driving alone, we anticipate hearing suggestions from them regarding legislative actions that could support these efforts.

PUBLIC TRANSPORTATION FOR RURAL AND SMALL URBAN AREAS

The section 18 program for public transportation assistance to rural and small urban areas jointly administered by FHWA and UMTA is progressing very well. The enthusiastic response from the States and local communities has demonstrated a commitment to meeting the mobility needs of our nonurbanized residents. We use the term enthusiastic because the use of section 18 funds has begun to accelerate since October 1, 1979.

Prior to that date, only $8 million had been requested by 40 States and territories, and 70 percent of that was for technical assistance activities by the States for the establishment of staff and programs. That was also the period of extensive communication, coordination, translations, and clarifications mostly dealing with the "13c" labor protection issue, that are always required in implementing new programs. However, since October 1, 1979, over 80 new projects involving capital and operating expenses have been approved in 15 States, and valued at over $8 million.

Furthermore, looking ahead, another 90 projects for capital and operating assistance are now being processed by the States and should be approved during the second quarter.

Our major progress during the past 12 months has been the development of an effective yet flexible framework for this new program concept. At the Federal level, much of our energy has focused on implementing the White House Rural Transportation Initiative to improve the coordination between social service and public transportation providers. State level efforts have centered on communicating the program and developing effective State management plans. I have attached a thorough section 18 status report for inclusion in the record.

CLOSURE

We are pleased to be here today jointly testifying on TSM issues today. The FHWA and UMTA are jointly administering many aspects of the transit and highway program including TSM, urban initiatives, ridersharing, section 18, energy conservation, and contingency planning efforts. Regulations, program guidance, and technical assistance are jointly developed and provided in order to fully integrate the transit, ridersharing, and highway system elements of the programs and insure consistent program direction to State and local governments.

[Additional material submitted by Mr. Downs is included in the appendix of this volume.]

Mr. MINETA. Mr. Downs, I want to thank you for a very fine statement. Let me at this point recess the meeting for about 10 minutes, and we will reconvene at that point.

[Short recess.]

Mr. MINETA. The subcommittee will reconvene.

Ms. Liburdi, in a December 1978 study done for UMTA by the Polytechnic Institute of New York, entitled "Future Directions for Public Transportation: A Basis for Decision," six researchers of that organization concluded—and I am reading from an abstract describing the study:

> Based upon considerations of (1) population growth and dispersion, (2) energy costs and availability, (3) technological advances, and (4) economic considerations, urban decentralization is likely to continue through the year 2000. Therefore, UMTA must accept and support to a greater extent than presently innovative uses of the automobile and paratransit modes as the most efficient mode for most urban trips. At the same time, existing conventional transit systems in dense areas must continue to be supported. But a major opportunity exists for UMTA to support a total efficient transportation system in a low density environment:

On this same point, approximately 100 researchers and scholars and government officials gathered at Aspen, Colo., last June to examine the broad subject of urban transportation and came up with many of the same conclusions.

As a result of that conference, a number of "resolves" were published in pamphlet form. I would like to read briefly from that pamphlet:

> Major technological advances that would substantially increase urban mobility or substitute for travel are *not* expected through the year 2000. . . . Travel demand is likely to change in different ways for different geographic areas and population groups. Continued general preference for low density housing will reinforce the position of the automobile as the dominant form of personal transportation. At the same time, higher density development is occurring in most suburban areas. This can reduce auto dependence in those areas and increase the feasibility of public transportation, if such areas are planned to achieve these objectives.

And one other quotation from the Aspen researchers:

> The limitations of metropolitan line-haul transit services should be clearly recognized. Community-based transit and paratransit systems should be encouraged to complement line-haul services, to increase transit productivity, to serve diverse travel needs, and to expand the general market served by public transportation.

Certain key words and phrases are repeated in both of those documents: Continued population dispersal, low density housing, the need for more paratransit, more planning, and so forth. Let's start by asking two specific questions:

One. Do you agree that for the next 20 years we are pretty much going to see what we have seen in the past—continued urban sprawl, a preference for low density development, essential reliance on the private automobile?

Ms. LIBURDI. Yes, Mr. Chairman, we do, but we are also very hopeful about changes resulting from perceptions that we believe exist now and that we can continue to encourage on the part of the general public. They could lead toward changes in lifestyle that will stem some of that continued dispersion and perhaps begin to turn the tide so that we will make better use of the urban structures that are in place, both housing and employment. We will begin to make more sense out of the kinds of services that we need to support the developments that have occurred over this century.

But we basically do agree with the conclusions that those researchers came to.

Mr. MINETA. Do our current UMTA and FHWA assistance programs provide us with the flexibility and response capability that we need? Should we be doing things that we are not now doing or trying harder to emphasize certain kinds of programs, for example, to achieve higher occupancies of privately owned vehicles? How can we leverage on this thing and maybe speed that process up, so to speak?

Ms. LIBURDI. I think, as Mr. Downs indicated in some of the comments he made a few minutes ago, we are moving forward with TSM strategy, implementation efforts, and with high occupancy vehicles and carpooling, vanpooling, and ridesharing program activities that do make more sense. They begin to encourage the public to better utilize the vehicles and the systems that we have in place.

I would suggest, though, that we do not do enough, particularly with some of the resources we have available. In the UMTA program, we have tried through the service and methods demonstration program, and perhaps Mr. McManus can comment on some of those activities, to encourage at the local level, as communities are planning their programs, the inclusion of innovative, comprehensive approaches to the provision of transportation services that would be complementary, that would not rely on only one aspect of the system that exists, and that would begin to help us achieve a more cost-effective and efficient system in those local areas.

We have not gotten the kind of response in all cases that we would like to see. Our continued emphasis and financial support, I think, is beginning to engender greater awareness and more receptivity. But I think the efforts that the service and methods demonstration program has undertaken is one of the best means of achieving that awareness, because we begin to see examples that people can emulate.

We also certainly need to come to a conclusion on the issue of paratransit policy and whether we are going to state clearly for the public's information that those services are going to be supported by our resources or not. That is one of the major outstanding issues which I would see as a Federal impediment to the local implementation of some of these innovative services.

Mr. MINETA. Mr. McManus?

Mr. MCMANUS. I might add a point or two. I think that what we are trying to do with the use of the demonstration resource, Mr. Chairman, is to find the most cost-effective ways to serve these various markets. And some of the practices that both Ms. Liburdi and Mr. Downs refer to in their statements have been developed in our demonstration program. The problem, as I think your question was getting at, is to get the practices used and accepted by constituencies that traditionally are tied into conventional approaches to serving these markets.

We have attempted to gain acceptance of the concepts by promotion. I think the FHWA management style particularly is a promotional one, using their whole field apparatus. We have attempted in our planning and programing regulations to require, in addition to planning, a programing effort. We actually do have in our programing regulation a requirement that local authorities complete a transportation system management plan (TSM) and then program from that plan specific projects.

The demonstration program that develops fair prepayment systems and high occupancy vehicle systems and demand-responsive systems, taxi feeder systems, vanpooling, carpooling, all of these practices together, helps make those policies credible by showing what you actually can do.

Mr. MINETA. Is there any way of leveraging on things that are outside the purview of UMTA, like, let us say, land use planning? Is there a way of leveraging on that at all?

Mr. MCMANUS. The way we leverage the land use planning is essentially through the planning requirement for major infrastructure investments. We do not leverage it so much on suburban development as we do on inner city construction. If a city is proposing an infrastructure investment, we do require a showing that there is a close association between the planning for that infrastructure investment and land use planning. And I think it is fair to say that we have focused more pointedly, particularly the last 3 or 4 years, than we had in the preceding 10 years in the management program.

But we do not require, and we are not prescriptive. It is a questioning process, and the persuasion takes the form of the applicant knowing that there is a scarce resource that he is applying for and must make a showing against these questions in order to be successful. So it is not a prescriptive approach.

Mr. MINETA. In January, we had some field hearings in Atlanta, where Mr. Jim Echols, the executive director of the Tidewater Regional Transportation System, appeared. I understand that UMTA funded a major demonstration project in the Tidewater region, and I guess you have followed progress there fairly closely. What have you learned from the Tidewater experience, and do you see any broader application for transit systems elsewhere?

Mr. MCMANUS. I think that demonstration is a very good example of a transit organization embracing the notion that they can and should be a multiservice provider, that they can foster vanpooling and taxi services and support of small private bus systems, in other words, a whole host of service providers, in conjunction with their basic transportation system. I think Mr. Edgar mentioned attitudinal problems in a dialog this morning.

Tidewater is an example of a transit operator that sees that these other types of services are not inimical to their mainline, conventional system, but actually help the vitality of that system by relieving it of a market service that it cannot provide in a cost-effective way.

Other examples are in Westport, Conn., and Bridgeport, Conn., and the Golden Gate Bridge and Transportation Authority in Marin County, Calif., and three or four others. Pittsburgh, too, has developed a brokerage type of mentality, which is the very thing we are trying to foster.

The ridesharing demonstration program in which we are collaborating with FHWA is an attempt to join forces with FHWA and build on their carpooling activity of the past several years, to broaden it, make it more comprehensive, and really get more visibility to this way of thinking.

But again, it is a promotional mentality that we really have. We are not prescribing. We are trying to sell. And it is getting to be a little easier sell these days than it was 5 years ago, I would say.

Mr. MINETA. As gasoline prices go up, it will get even easier, I suspect.

Mr. McMANUS. Yes.

Mr. DOWNS. I would also point out that as our field staff finds that it is not a local priority and we attempt to sell it to the local jurisdiction, the attitude is "put your money where your mouth is." If it is a priority for the Federal Government or the Nation that we do this, let us see some extra money coming into it.

Otherwise, we cannot point and say it is a matter of you reordering your own priorities.

Ms. LIBURDI. There is one other point, I think, that might be of interest. We have been working with HUD and some other Federal agencies that make extensive investments in both urban and nonurbanized communities to attempt to coordinate our policies so that we are saying the same things and fostering one another's objectives. We think that makes good transportation sense. We have been particularly successful with HUD in that regard and also with the Department of Commerce's EDA program.

Mr. MINETA. On October 20, 1976, UMTA published a proposed policy pertaining to paratransit services and specifying the eligibility of paratransit services for section 3 and section 5 assistance. That proposed policy regulation contained a statement that "flexible, personalized paratransit services offer a chance of persuading transit independents to abandon their total reliance on the private automobile and become users of other transportation for local short-distance trips."

Have those regulations been finalized?

Ms. LIBURDI. No, they have not.

Mr. MINETA. What is your timetable for finalizing the regs?

Ms. LIBURDI. Mr. Lutz, who is the new Administrator, has indicated that is an area where he personally wants to spend a great amount time over the next month or so.

I do not really want to tie us down to specific dates, but we feel we have got to come to a conclusion on the outstanding issues pertaining to that regulation and make a decision by, I would say, early April.

Mr. MINETA. What has been the obstacle to finalizing the regs?

Ms. LIBURDI. I think, a number of things. I would like, if I may, to talk about a few of the issues. Primarily, internal discussions that have taken place, as I indicated earlier in my statement, have pertained to 13(c) and 3(e) and the implications that this policy will have on the way we administer the overall urban transportation program that we fund through the section 3 and section 5 program activities.

If I may, Mr. Chairman, we believe that the need to subsidize and assist the development of collective paratransit services as part of the local public program is not a contested point in the organization. We received comments on the draft regulation, and I think most everyone who commented was in agreement with that objective.

What was contested in many of the comments that were received and also in our own internal discussions was the use of UMTA financial assistance for support. At the crux of the matter was the worry that 13(c) and 3(e) issues raised by Federal funding of paratransit would adversely affect public transportation programs generally.

Questions that were raised, in particular, addressed whether 13(c) labor protections extended to the paratransit provider could effectively cancel the competitive principles of the policy, and whether the inclusion of many new employee groups, particularly those of private, for-profit operators and nonprofit agencies, would interfere with the development of regular public transit services.

The provision of Federal funding for private paratransit operators has also raised the specter of eventual 3(e) buyouts, which is an issue that we also feel we have got to wrestle with.

We decided in the fall of 1978, after going through an extensive discussion and review of the docket comments and our own internal revisions to the proposed regulation, to attempt to clarify through discussions with the Department of Labor some of the questions that had been generated. And from September of that year until late January of last year, we engaged in a number of discussions with DOL. DOL staff have prepared a series of answers to questions that we presented to them. The intent behind all of that was, upon completion of those staff level discussions in the spring of last year, the higher level authorities, the Administrator and the Assistant Secretary of Labor, would convene to try to resolve any issues that we saw as difficult or as impediments to the issuance of the final decision on the regulation.

It was clear by February or early March of last year that we were going to have serious difficulty with some of the positions that DOL staff and we had been discussing. We felt those issues would take a considerable amount of time to resolve, and of course, they are taking that.

In addition, we are at the same time working with the Office of the Secretary's staff and the Federal Highway Administration on negotiating the warranty provisions for the section 18 program. We were attempting to, quite frankly, downplay the negotiations of paratransit at that time, so we did not have a conflict in the outcome with the rural negotiation.

We decided that the best way of resolving some of the issues was to prepare for secretarial review and review of the Administrator, and at that time we began to go through the personnel transition that took place last spring and summer.

The objective was to put together a package which would outline what we were attempting to accomplish, what the issues were that we and DOL had difficulty internally over, particularly with regard to 3(e), and what options we could offer to move forward with the program.

With all of the changes, we were not able to get back to a resolution of the policy issues until about this time. I think the Administrator has committed himself, both to public interest groups as well as to the Secretary and the staff, to attempt to resolve those conflicts quickly—we would certainly hope by the beginning of April.

Mr. **Edgar.** Would the gentleman yield?

Mr. **Mineta.** Surely.

Mr. **Edgar.** Has the establishment of the Presidential Task Force impeded or held up the regulation at all?

Ms. **Liburdi.** No, I do not believe it has impeded it in any way, Congressman. I think some of the issues that have been raised in the task force activity—I think you are talking about the task force that discussed both the rural activities as well as the ridesharing program activities—both of those groups have raised some questions that we pretty much covered in the work that we did last year.

We have not, quite frankly, resolved our internal problems or those problems with DOL which we foresee from impacts on the general urban public transportation program as a result of the issuance of a decision to support paratransit through UMTA funding.

Mr. **Edgar**. Thank you.

Mr. **Mineta**. Mr. Royer?

Mr. **Royer**. Thank you very much, Mr. Chairman.

If I understood you correctly, Mr. Downs, you indicated that about as many people walk or ride bikes as use public transportation—I do not know whether you said to get to work, or total use——

Mr. **Downs**. Daily work commute.

Mr. **Royer**. As a supporter of public transportation, that really concerns me. Do we have any specific projections as to what we conserve by our public transportation and what would happen if we doubled public transit, as far as the number of barrels of oil that would be——

Ms. **Liburdi**. Yes, Mr. Royer, we do. When we submitted our legislative proposal last year, we indicated that if we were able to achieve a goal we had set of doubling ridership by 1990, which would add an additional 28 million daily passengers to the public transportation system, we would save approximately a quarter of a million barrels of oil a day.

But we made some assumptions about changes that would take place, including the reduction of single-occupant utilization of automobiles, that there would be increases in ridesharing. We did not estimate as part of the public transportation calculation what that savings would be. I think Mr. Downs indicated that was about 300,000 barrels.

Mr. **Royer**. Have you made any projections as to what kind of conservation you could attain by some of the other things you suggested? You mentioned the Shirley Highway express lane. I find myself that that would be a very encouraging thing, because I carpool at the present time over a road with regular lanes, which I do not like. Time is of the essence.

How much do you think could be conservated if we had express lanes covering the major areas?

Mr. **Downs**. A number of studies done, both with Department of Transportation funding at MIT and in several major urban areas have shown that the single largest step that can be taken for conservation of energy in transportation is ridesharing—carpooling and vanpooling. By far and away, it has the greatest energy impacts. It is a matter of providing the incentives to get people into carpools and vanpools. There are a number of very lowcost steps that are oftentimes very painful—the elimination of free parking in downtown areas, the encouragement of high occupancy vehicle lanes to get into the downtown areas.

Mr. ROYER. I want to go back to the point that you said seemed to have the most effect, and that is a person's time. That would mean getting those lanes in.

Do you have a proposal to accomplish that if I am correct in understanding that that would do the most good?

Mr. DOWNS. The auto use management proposal that the administration has sent over this last September had in it the provision that we would fund high occupancy vehicle lanes at a 90-to-10 Federal match ratio share, the same as the interstate program, to place the priority on putting high occupancy vehicle lanes into major urban areas.

Mr. ROYER. All right. How much is that being pushed?

Mr. DOWNS. We are pushing it for all we are worth. Right now, it is the only legislative proposal that the Federal Highway Administration is making this year. It is our shot at trying to establish the Federal priority for the expenditure of Federal aid highway funds. It is by our estimation in how we will have an energy-saving impact by controlling the use of the automobile.

Mr. ROYER. You mentioned streamlining your regulations. In the same breath, I think you mentioned 60 new people and some additional regulations. That concerns me a bit.

I wonder if you have considered bloc grants for the different operators, instead of more regulations and more mandates, giving them flexibility and eliminating not only some of the regulations but some of the need for administration.

Ms. LIBURDI. I think perhaps the way I presented it would be of concern, quite properly. The idea of bloc grants is one that we have looked at and have considered, and I think we are moving toward the concept of bloc grants. Attachment O of the OMB A-102 Circular, which I referred to earlier, is the basis for a lot of the change we are moving toward. It puts the responsibility at the local level and says basically once you have applied and done the preliminary work that led to the approval of the grant, you should have the responsibility for implementing that project with as little Federal oversight as possible, except that at certain points, we will probably come in to audit you to make sure that certain serious violations have not occurred.

That is really the concept we are trying to move toward. The request for more staff is not meant to mean that we are going to add additional regulations as much as it is meant to mean we feel we have got to add staff in the regional offices who can help expedite the application requests that are coming in. These people can help communities transfer information back and forth so we can move the program, which is something that we have been deficient in doing.

We are required under regulatory procedure to articulate publicly the guidance that we use to make grant decisions, and when I indicated that we will be publishing new regulations, it will be so that the public understands what criteria or judgment methods we use to make decisions about grant requests. We have not done that in the past. We have never published that guidance, other than in a circular internal method.

Where we have congressional direction particularly to do so we must articulate the requirements that we are imposing, whether they are 504 requirements or requirements generated by 13(c). Let me back off; we do not do that, DOL does that. But some activities that are statutorily imposed. We have got to articulate them because they become the foundation for our decision on the grant.

But we are in agreement with you in that we should try to remove as many of the requirements that we place on the grantees as possible. We should be going with a minimum amount of documentation and a minimum amount of oversight, once those grants are approved.

Mr. Royer. Do you feel comfortable that the guidelines and the regulations that you are proposing are going to end up in the direction you have just indicated? Because I would like to make it clear that as one member of this Oversight Committee, I am going to be looking over shoulders, and I hope you will not be offended by it, because I think reducing the paperwork burden is extremely important.

Ms. Liburdi. We will not be offended by it. I think that it is a priority. I hope that the section 5 revisions that we are going to come forward with will be evidence that we really want to try to make this a minimal kind of procedural activity.

We tend to backslide once in awhile into negativism and excessive redtape. We are trying to keep in mind throughout the organization that we want to be positive and helpful and responsible Federal officials, and that we want to try to make the minimum the standard, rather than the maximum, which perhaps has been the standard in the past on some occasions.

Mr. Royer. What are we projecting as far as bus production for the rest of 1980 and 1981, in comparison to the 2,800, as I remember, that were produced in 1979?

Ms. Liburdi. I think it was fewer than that. In fact, I think we had orders for 2,800, and we turned out something like 2,400.

We are seeing, as a result of increased bus orders, the manufacturers moving into second shifts and increasing their production rates. We know that one of the manufacturers has gone up to 8 or even 10 vehicles a day, and is this year projecting greater production on a daily basis.

We expect, if we get the additional resources through the supplemental appropriation and the basic appropriation we are seeking, to commit orders for approximately 4,000 vehicles of all types this year. But if we do not receive the supplemental, it is doubtful that we will be able to commit orders for anything beyond 2,800 or 3,000, which would be comparable to last year's commitment level.

Mr. Royer. What about the projections for 1981—that was for 1980, was it not?

Ms. Liburdi. In our energy package, and I think you will see in our authorization request, a request for sufficient resources so that we could hit a level of 4,500 vehicles a year. But we also are trying to do that in a fashion that makes sense. We are mindful, for instance, of the comments that Mr. Simpson made earlier, that as you introduce more vehicles into the system, you have to have also more maintenance facilities. And the first couple of years of the increased funding for bus purposes is probably going to have a very high commitment to maintenance facilities, so that we are not putting vehicles out without the ability to maintain them properly.

But I think we are heading toward 4,000, 4,500 next year.

Mr. ROYER. And have you had an indication—I assume that you are communicating with those that are producing the vehicles—that they can do that and will do that?

Ms. LIBURDI. With our ability to either evidence that we have the resources available to meet that kind of order level or to make some kind of commitment, perhaps through the direct procurement device that we are going to propose in the legislation, that would allow a backlog to occur.

Mr. ROYER. You mentioned the windfall profits tax, and that your whole program is based on it. I was not quite clear on how your budget is split between the general fund and the windfall profits.

Ms. LIBURDI. I think we will be testifying shortly on a supplemental appropriation for fiscal 1980 which would add approximately $1.3 billion that would be generated from the windfall profits fund to the basic program level, making a little over $3 billion, which we have sought this year.

Mr. ROYER. And then what about for 1981?

Ms. LIBURDI. It is approximately the same amount, but it does increase. I do not have the numbers here, I am sorry. But it is an additional amount each year.

Mr. ROYER. But your statement indicated that the whole program depended——

Ms. LIBURDI. Oh, I am sorry. I am talking about the new legislative program that we are proposing that would add and reauthorize the basic program.

Mr. ROYER. OK, separate from the ongoing.

Ms. LIBURDI. Separate from, yes.

Mr. ROYER. Thank you very much, Mr. Chairman.

Mr. MINETA. Thank you, Mr. Royer.

If I could just follow up, the supplemental for 1980 is dependent on the windfall profits tax?

Ms. LIBURDI. That is right.

Mr. MINETA. What is the bill that was dropped in a week or two ago by Mr. Howard? Was that for fiscal year 1980 or was that for fiscal year 1981?

Ms. LIBURDI. His bill would not authorize funding for fiscal 1980. It begins later. I think it is 1982, Senator Williams proposed a bill last year which would have provided a 1-year authorization for fiscal 1980 to provide us the resources to use this year while the larger debate on the authorization of the overall program took place, but no action has occurred on that bill.

Mr. MINETA. Mr. Edgar?

Mr. EDGAR. Thank you, Mr. Chairman. I have deliberately stayed to listen. Unfortunately, I have about three other commitments that are crushing very hard right now.

But there are a number of questions that come out of your testimony. I apologize for not being here when you mentioned that the person we picked up in our carpool this morning happened to be a staffperson of the Federal Highway Administration, Bob Matthews. I did not mention it because I thought my point was better taken without getting into the fact that here was a highway person who was jumping at the first opportunity he could to ride in an automobile as opposed to getting on a bus. [Laughter.]

But when you go back, please thank him, because it saved us a lot of time this morning. The Shirley Highway was pretty clogged.

To follow up on Mr. Royer's comments about the windfall profits tax. In reading your statement, I was struck by the fact that you said without much explanation that the windfall profits tax was really going to be the source for the pool of funds. It struck me that it is almost like motherhood to talk about the windfall profits tax and what its value will be.

And I know there is a whole group of people who want to use it to make a tax cut in an election year, which I think is dumb. There is another group of people who want to use it for tax incentives and other things, to provide for energy conservation. A piece of that is public transit.

I have not been following on a day-to-day basis as closely as I would like the status of what the Ways and Means Committee is doing, but in a very disconcerting discussion with one member of the conference committee on the way over to vote, he said, and I quote, "More legislation is being written by that conference committee than both the House and Senate combined has written in the last year." More is being done in that conference committee than any of us will ever really know.

I am wondering, isn't there some point at which the administration has to say that, while we want the windfall profit tax, we want it to be used for the funding of important and good things. Isn't there a point at which the windfall profit tax may be unacceptable to the administration? And I get the feeling from talking with conservatives, liberals, the administration, or anybody, it is so much ingrained in everybody's thinking that we are going to accept the windfall profit tax regardless of how it comes out of the Ways and Means Committee. Is that your feeling?

Ms. LIBURDI. I will give you my personal feeling about it. I am not sure what the administration's tolerance level is with regard to what is included in that tax.

I think, though, that what we have seen happen recently, and particularly yesterday's action, is more positive, particularly with the way the discussion took place, than some other actions could have led us to conclude.

Mr. EDGAR. Well, if I could interrupt you, there was a whole band of renegades on the House floor yesterday, and I was one of those renegades, who were saying, "We are going to bind this Conference to accept a couple provisions that were adopted on the Senate floor." We came within 10 votes of doing it, and that caused a flurry of activities in the conference committee that may have reversed some of the trends that were developing.

But it is a little disconcerting to me as just one member who supported the strongest windfall profits tax, and was hopeful that $13 billion or more would be utilized for public transit and other transit initiatives, that what we may be getting out of the conference committee, apart from their action yesterday, is something vastly different than that.

Ms. LIBURDI. Well, I believe that we do have that concern, and we are particularly concerned about the usage of the windfall profits resources allocated or earmarked for public transportation. The administration has made certain points about how it would like to see that resource used, and that was the basis for the legislative proposal that came forward last fall. It was basically a capital coordinated proposal, with our legislative reauthorization request, picking up on, one, an increase to that capital level as a basic reauthorization action, and two, the increases necessary and the revisions necessary to the operating assistance program. There are some concerns that I believe the administration has about some of what we saw go on yesterday, that talk about other uses and other issues. I think that that is something that we, and OMB, and the domestic council's staff and others will be looking at. At some point, there will have to be a decision at the administration level about whether we can accept that bill or not.

But we are still hopeful that, working with you, we have the opportunity to achieve a bill that is going to be helpful for public transportation. It is incorporated into the legislative reauthorization request, and we believe that the revenues through the general fund that will result are going to be necessary, in light of all the other competitive demands that exist on the Federal budget.

Mr. **Edgar**. I just find it a little disconcerting that we may be in the position of giving everybody a tax cut, holding the deficit down to a minimum, doing all things for all people, and having more commitments and more hopes and more dreams for those funds than will be realistically available to us.

We might also be sending, as I think we may have already sent, expectations out to the world, to the Nation, of commitments out of the windfall profits tax which simply are not going to be there to be made, whether the President is for them or not. I would just draw that as an issue.

Yesterday, Kenneth Orski, in his testimony before our subcommittee, talked at length about TSM, the transportation system management program. He made the statement in his testimony that we should stop viewing TSM as a planning requirement and begin to treat it for what it really is, and that is a management function.

Would you concur with that kind of statement?

Ms. **Liburdi**. If I may ask Bob to pick up on it, I would concur generally with the concept, but I think it is both. I think one has to incorporate TSM strategies in the planning program in order for the local support necessary to make those strategies work, in order for that to occur.

But I do think that much of the TSM activity that can be supported ought to be the result of management, the attitudinal changes that we were talking about, management acceptance of those principles.

Mr. **Edgar**. If you will yield for a moment, his point was that the people who are actually doing the TSM planning are the regional planning commissions, and the people who are doing the management are the operators. There may be quite a gap between the planning and operations.

Ms. **Liburdi**. I think that is correct.

Mr. McMANUS. If I might comment, the TSM requirement is in both places. It is in the planning regulations, but it is also in the programing regulations, as I mentioned a little bit earlier.

It was never intended that the Metropolitan Planning Organization itself would do all of the TSM planning, but rather that they would involve traffic engineering, bureaucracies, and all of the players, the transit operators, and so on, in the production of the plan, and then in the programing to carry out the plan. UMTA does require that there be a showing that projects do show up. Well, those projects are projects that can only be put into the program by the operators. So there is that practical connection.

The question is really what we will settle for, I mean, what will we accept as being an appropriate programmatic response. And on that score, we have administered the regulation with a light touch, because we are finding out through the research and the demonstration activity what works. As we find out what works, we try to promote it, and gradually we use a heavier and heavier hand in getting things cranked in.

Mr. EDGAR. OK. Let me turn to Mr. Downs for a moment. I asked the Department of Energy representative yesterday about whether we are really prepared for a 30-percent energy shortfall. To be fair to his answer, he was saying right now we are not really ready for a 30-percent shortfall of energy in terms of having in place the tools to respond to that kind of shortfall.

You mentioned to me just briefly that there is an interim group that is looking at that 25- to 30-percent shortfall. I wonder if you could, for the record, just describe what that group is?

Mr. DOWNS. There are a number of task forces that have been established between DOE and DOT, and one of them, the one that I was most deeply involved with, also included Mr. Berwager, and that was the short-term, interim shortfall.

There is another, more comprehensive look at the results, ramifications and actions that should be taken in a 20- to 30-percent shortfall situation in the United States. It is ongoing, it has been in place now, I think, for 2 or 3 months.

In other words, there is an active executive branch process going on about developing the Nation's capabilities to withstand that kind of shortfall.

Mr. EDGAR. Who are the members of that task force? You do not need to give me specific names, but who are some of the kinds of participants?

Mr. DOWNS. DOE, DOT, Treasury, Commerce, the Department of Labor—the list goes on.

Mr. EDGAR. It occurs to me that the visibility for that group has been very low. What happens May 1 if such a contingency were to be forced? Is there an emergency mobilization process in place? Is anyone excited about that prospect, or are we just figuring that we will handle it when it comes?

Mr. DOWNS. There is a massive amount of planning that is going on. Unfortunately, I am not a member of that task force, and I could not tell you. I would have to defer to my counterpart at DOE, but I am sure that through Mr. Berwager at DOE, we could provide that for you.

Mr. **Edgar**. I think it would be helpful. Part of the purview of this investigation and review is to try to figure out whether or not we are prepared.

I just have one final question on the issue of paratransit. As you described the ups and downs of the paratransit policy, I thought about the possibility of developing a "Monopoly" type game, where we would have little players that would move from place to place. We would have little cards that you would pick up to tell you where to go next, and there would be some dice to roll.

The 13(c) issue was here 5 years ago. The issue on section 504 policy has been here for a long, long time. Most of the barriers to developing a policy have not only been around for a long time, but are going to be around 5 years from now, 10 years from now. Even Ted Lutz with a month of addressing that policy is still going to find himself at the end of that month with some very hard questions, particularly if he has to deal with the Labor Department and some others.

I wonder if it is realistic to expect a policy to emerge at all, given those hurdles. I also wonder whether or not there are some other things in the interim that the Department of Transportation, in conjunction with the Department of Energy and everybody else, could do to assist in making it clearer to Members of Congress, Governors, State departments of transportation, State representatives, and State legislators, how to deal with the issue of carpooling and vanpooling and paratransit?

Ms. **Liburdi**. I think that by April we will have a decision about whether we will issue a policy or not. That really is the decision that we, working through the issues and working with the Secretary, will come to a conclusion about.

If we decide to go forward with the issuance of a policy document, it will be accompanied by a Notice of Proposed Rulemaking. Now, that is a device that allows us to list issues about how we can best implement this policy now that it has been stated. And the questions that we generate if we decide to go forward with this publication would address many of the issues that exist between us and the Department of Labor that at this point have not been satisfactorily resolved.

It would, we think, be a device that would enable us to engage in a dialog, a fairly open and public one, with the Department of Labor and with the labor unions and, of course, with the operators, about the program.

Yes, I think there are some interim actions, and those actions will be part of the discussion that we will undertake if we decide not to issue a policy. There are things that we can do.

We are currently funding on a case-by-case basis paratransit requests that are submitted to us by public agencies. I think we would continue to do that, but with an understanding as to what the impact of some of those actions might be on the program generally.

But there are a number of ideas that are interim strategies that we have talked about, and that would be part of the decision process.

Mr. **Edgar**. I guess in my questions about energy and some of my concerns about public transit and where we are going over the next

20 years, I am wondering whether or not we can continue kind of a business-as-usual approach to both transportation and energy, given some of the signs that we have seen over just the last year and some of the pressures that are beginning to build in terms of adequacy and ability to have a supply of energy in a consistent and equal way.

And I was also struck this morning with the gentleman from New York, who talked about additional energy costs of $20 million in two months, just from the shutting down of one nuclear power plant. I am also struck with the inflation rates in public transit. And I would hate to think that by the year 2000, we would have less of an infrastructure in public transit than we have today because we did not have the vision or the capability or the capacity to increase our mobilization to respond to the basic problems. I would just say that as one member of this committee.

Ms. LIBURDI. If I may offer a comment, I think the reauthorization request provides us the opportunity to have a very full debate on the operating assistance program and the needs that local communities have in order to continue to maintain the infrastructure that is already in place or to put in place the additional equipment that we are requesting to provide for them.

I think we have to have that discussion. I think it is quite critical. I agree with you and the other members of the committee who indicated this in some of the comments earlier, that we have got to try to address the problems we are confronting, not just in how we deploy the resources, but also on how we think generally about where the resources are going to go. Land use, economic investments—there has to be better coordination between some of the programs and decisions that we are making, both at the Federal level as well as at the State and local levels.

We have been trying to advocate that concept through the way we distribute our planning resources, as well as through the way we make capital commitment decisions. I think it is becoming a much more urgent problem and a much more urgent discussion. And we really see the legislative request as a means to address some of those issues quite openly.

Mr. EDGAR. Thank you. Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Edgar.

Mr. Downs, in FHWA, how many people have as their main responsibility TSM projects and related activities?

Mr. DOWNS. Well, first, there is the Public Transportation Division within the Federal Highway Administration, which has about 16 individuals. Each of the regional offices has an individual who is responsible for carrying out the Administrator's program emphasis areas. The program emphasis area is an annual statement that the Administrator puts out, as to what kind of work he wants the Federal Highway Administration to be doing.

There are five sections in the program emphasis areas, and the second one this year is ridesharing, carpooling, vanpooling, TSM activities. At each of the division offices, also, there is generally someone who is knowledgeable about TSM operations and is responsible for trying to sell those to the States. So I would say roughly somewhere around 100 people.

Mr. MINETA. And what is your agency's total work force?

Mr. **Downs**. A little under 4,000.

Mr. **Mineta**. Within the 100, how many are strictly TSM-oriented?

Mr. **Edgar**. Would the gentleman yield, before he answers the question?

Mr. **Mineta**. Surely, yes.

Mr. **Edgar**. If any of them want to stand along Little River Turnpike at any time, we would be glad to include them in our carpool. [Laughter.]

Mr. **Downs**. It would be hard for me to estimate how many of them spend full time on TSM activities, probably less than 50.

Mr. **Mineta**. Now, within UMTA, is there a functional program responsibility for TSM activities, or are they only handled on a demonstration basis?

Ms. **Liburdi**. Well, I would like to give a general answer, and Bob, perhaps, has a more specific one. The program is handled both through the Service and Methods Demonstration staff on a demonstration basis, but also by the planning staff who have the responsibility for overseeing the section 8 planning program activities. I do not know whether we have any who are strictly dedicated to TSM; it is not my understanding that we do.

Mr. **McManus**. The staff is not assigned that way, but we think of the demonstration staff as dealing with this general subject, and there are about 15 people in that unit. In the headquarters planning staff, there is a policy unit of four people who generally do the research and the policy guidance on this subject, along with all the other policy subjects, like the special efforts for the aged and the handicapped, and energy contingency planning, and so on. So it is a small group. And I would say in the operations office, there is no split that we would be able to make easily.

Mr. **Mineta**. When an application comes in, who handles it? Is it through section 3 or section 5?

Mr. **McManus**. The grant applications for financial assistance come through the section 3 and section 5 staff, and that is now administered by the regions.

Mr. **Mineta**. Mr. Fary?

Mr. **Fary**. Thank you, Mr. Chairman.

Mr. Downs, in your statement, you say that optimizing the operation of our 240,000 traffic signals would be one of the most cost-effective measures. Won't this cost a great deal of money in large urban areas? How much do you think it will cost nationally?

Mr. **Downs**. I think one of the largest that I can recall is the computerization and interlocking of the traffic signals in Miami. I think its cost was somewhat less than $2 million for the entire city, which included computerization of the signals and master control units, installation of the wiring and a number of other items.

A city as complex and large as New York City, though, would be a rather large expenditure. I would say nationally, it would be very difficult to consume more than, say, $20 or $30 million a year in traffic signal optimization, and that is a "swag," a scientific wild guess.

The Federal Government, though, has stated its interest in traffic signalization programs by declaring it to be 100-percent Federal program. There is no local match required by the Federal Government for traffic signalization.

Mr. Fary. If you have any additional figures, would you submit them for the record, Mr. Downs?

Mr. Downs. Yes. I will respond to this and other questions asked by the subcommittee.

[The following was submitted for the record:]

Question. What is the estimated cost of the proposed effort to retime the Nation's traffic signals?

Answer. The cost to retime the Nation's 130,000 traffic signals which exist in coordinated systems is estimated to be $20 million per year for 4 years for a total of about $80 million. Such projects are eligible for 100 percent Federal-aid highway funds. The most likely category of funds to be used is the Urban System program. The estimated $20 million per year for signal retiming would be a very small portion of the $800 million appropriated each year for the Urban System program. Retiming existing traffic signals is one of the most cost-effective, energy conserving transportation system management actions that can be undertaken by local areas.

Question. What efforts are underway to develop a national contingency plan for a severe energy shortfall?

Answer. A task force was established with representatives from the Departments of Transportation; Energy; Agriculture; Health, Education, and Welfare; and Treasury to develop a standby rationing plan in accordance with the Emergency Energy Conservation Act of 1979. The task force has formulated a plan and an interagency review is currently being conducted. The Department of Transportation representative is Dr. Donald R. Trilling, Acting Director of Intermodal Transportation.

RESPONSE TO QUESTIONS IN DAN HARRANT FEBRUARY 18 LETTER

Question. What has been the level of expenditure for TSM?

Answer. We consider TSM basically as a concept for guiding the planning and implementation of urban transportation improvements, and as such, difficult to precisely define in terms of numbers of projects and dollars spent. Nevertheless, we estimate that Federal expenditures for TSM have been well over $2 billion since 1974. This does not include major new HOV lanes on freeway. TSM projects are by definintion labor intensive, and operational or enforcement activities (which are not funded with Federal-aid funds) do not appear in our reporting system.

Question. For what specific purposes have these funds been spent?

Answer. The primary contributor to this total of over $2 billion has been TOPICS-type projects, with almost $1.9 billion in Federal expenditures and obligations. Although the TOPICS program no longer is separately funded, we continue to take a close look at the implementation rate of these type projects, which include activities such as traffic signal improvements, channelization, pavement markings, and signing. Other type projects which we are able to total include:

	Millions
Carpool facilities (matching programs, vanpool demonstration, carpooling, parking)	$34.0
Fringe parking	34.4
Bicycle and pedestrian (includes independent bicycle and pedestrian facilities and bikeway demonstration program; not incidental bicycle construction)	23.5

Question. Can you identify some TSM strategies as being more effective than others?

Answer. We consider the potential of ridesharing to be very great. The combination of TSM strategies which support and facilitate an individual's choice of a ridesharing mode can, if properly planned and implemented, be a most effective action we can take. Such a combination of measures might include exclusive HOV lanes, fringe parking facilities, downtown parking management, computerized matching programs, employer outreach programs, flexitime provisions, and vanpooling programs.

Another very significant TSM activity offering great benefits is traffic signal retiming. A draft report of a study which reviewed the results of a number of projects has come to the conclusion that simple retiming of previously interconnected signals to optimum conditions can increase average travel speed by 12 percent. At the same time, significant energy savings are realized from reduced delays. Nationally, optimizing signal timing could save 50,000 barrels of gasoline a day.

Question. For what reason are they considered more effective?

Answer. The projects are considered most effective for two different reasons:

The combination of ridesharing projects is considered to be most effective in encouraging modal shifts among current non-transit and ridesharing commuters.

The traffic signal optimization action has been shown to be most cost effective in improving flow through intersections, and this benefit is available to all road users throughout the day, not just for commuters during peak periods.

Both are very cost effective and contribute most significantly to energy conservation.

Question. Do we know many high occupancy vehicle projects have been funded?

Answer. We estimate that 75 HOV lane projects have been implemented in 23 States and over 30 metropolitan areas. Over 50 additional projects are in various stages of planning, design, or implementation.

Question. How many are considered successful?

Answer. We do not believe that we can arrive at an accurate number of "successful" projects, as many of these projects are curb lanes for buses in the downtown, bottleneck bypasses, and similar types of projects which have impacts which are very difficult to quantify. However, we consider almost all to be successful to one degree or another, due to their positive impacts on transit's level or service and the incentives for ridesharing.

Two of the most successful HOV lane projects in terms of bus and carpool use are the Shirley Highway in Northern Virginia and the San Bernardino Freeway Express Busway east of Los Angeles.

Question. For what reasons?

Answer. These two projects are successful primarily due to the large traveltime advantage they offer to commuters. Both projects incorporate extensive express bus operations, which offer an incentive for potential transit users and has contributed to the success levels of these projects.

The networks of curb HOV lanes for buses only has contributed to an increase in the level of service for transit due to faster, more reliable service in the downtown area.

Question. Comment on GAO's recent conclusion that TSM has lacked sufficient Federal direction.

Answer. We agree that further Federal clarification would be useful, but the key is better recognition of the need for TSM at the State and local level. Further Federal regulations, directives, or TSM documentation are not the answer. More important are, more funding flexibility to implement a wide range of TSM actions, technical assistance, and increased information dissemination on the potential of different actions.

Question. What statistical information do you have on vehicle occupancies and Federal funds spent on ridesharing?

Answer. The Census Journey to Work shows an increase in the level of ridesharing from 1970 to 1975. Local vehicle occupancy studies show that the decrease in occupancies occurring for the last 10-to-15 years has leveled off in recent years. Particularly during fuel shortages in 1974 and 1979, the occupancy levels have increased.

Since 1974, $68 million in Federal highway funds have been spent on ridesharing including commuter parking facilities.

Question. Can the Federal program claim credit for ridesharing gains?

Answer. For federally funded projects providing carpool matching and promotion, results have been modest but very cost effective in forming new ridesharers. For projects providing significant HOV incentives such as the San Bernardino or Shirley Highway HOV lanes, corridor increases in ridesharing have been very impressive. In addition, considerable credit should be given to many private corporations, State, and local agency efforts which have assisted ridesharing without using Federal funds.

Question. What would you estimate to be the national ridership in car and vanpools?

Answer. Over 15 million workers commuted by carpool or vanpool according to the 1975 Census Journey to Work as compared to 4.8 million who used public transportation.

Question. Identifiable legal or institutional barriers to ridesharing.

Answer. The barriers include:

Historical organizational bias toward "normal" highway construction activities;

Constraints in 23 U.S.C. which do not permit participation in certain ongoing personnel costs such as enforcement of HOV lanes;

Desire to obtain other Federal funds such as from DOE or UMTA and save apportioned Federal-aid highway funds;

State and local priority needs for added highway construction;

Section 638(a)(c)(2) of 31 U.S.C. which prohibits Federal agencies from using appropriated funds for vehicles for commuting Federal employees even if they reimburse for added costs;

Confusion over the tax-exempt status of various employer provided fringe benefits to encourage ridesharing and P.L. 95-427 which forbids IRS from issuing any rules or regulations dealing with them;

Provisions in the 1978 Energy Tax Act which preclude third-party vanpool operators from obtaining the full 10 percent investment Tax Credit which employers who provide vans for only their employees can receive;

Interpretation by IRS that the 1978 Energy Tax Act does not allow the "vanpool driver incentive mileage" to be included as legitimate vanpool mileage so as to obtain the Investment Tax Credit;

Concern over the record keeping needed to satisfy IRS that revenues received by drivers or owners of ridesharing vehicles are not taxable income but only sharing expenses in light of a 1955 IRS Revenue Ruling;

State laws and/or policies which prevent State highway funds being used as flexibly as Federal-aid highway funds.

Question. Has FHWA completed its evaluation of the Section 147 Rural Demonstration Program?

Answer. A series of five technical reports was published in August 1979 to present the conclusions and lessons that were drawn from the demonstration program. Each report covered a different topic associated with rural public transportation. The topics included:

(a) Rural Public Transportation Services and Performance
(b) Planning Rural Public Transportation Systems
(c) Rural Public Transportation Coordination Efforts
(d) Rural Public Transportation Vehicles
(e) Marketing Rural Public Transportation

These reports have been widely distributed to Section 147 recipients, Federal and State agencies, and to potential Section 18 applicants.

Question. Can you provide us with an estimate of the cost per ride or other suitable measurement for transportation of this nature?

Answer. The following statistics summarize the major operational measurements for the Section 147 demonstration.

Factor	Mean value	Standard deviation
Area served (sq mi)	2,364	3,156
Population served	96,073	111,873
Population density (persons/sq mi)	98.1	215.1
Number of vehicles	7.5	7.4
Monthly trips	5,161	6,144
Monthly vehicle miles	18,741	15,516
Load factor (percent)	20	17
Monthly passengers per service area population	.149	.399
Miles per vehicle per month	2,921	3,686
Trips per hour	4.32	3.58
Cost per hour	$11.04	$10.22
Cost per trip	$3.95	$4.80
Cost per mile	$0.574	$0.275
Time required for startup (mo)	14.6	7.6

Question. What portion of the operating expenses were covered through the farebox in 147 projects?

Answer. All revenues (farebox and other) represented 33 percent of operating costs (not including administrative costs) and 22 percent of total costs. A breakdown of revenues by source follows:

	Percent of total revenues
Revenues:	
Regular fares	30.0
Discounted fares	1.0
Passenger contributions	4.2
Passes/memberships	6.6

Revenues:	Percent of total revenue
Charters, advertising, and rentals	1.2
Contracts (mostly social service)	54.4
Deliveries	1.2
Other	1.0
Total	100.0

Question. Of those programs initiated under Section 147, how many have been continued after the Federal demonstration funding ran out?

Answer. The $24.65 million funding level allowed the award of 112 grants to 103 different agencies. Five of the grantees created a total of 31 separate sub-projects, bringing the total number of projects under the Section 147 program to 134. The status of the 134 projects is as follows:

Terminated before operations began	4
Planning or capital projects; no operations contemplated	4
In pre-operational phase	5
Now providing transportation services	119
Unknown status	2
Total	134

As of June 1979, nine projects had "graduated" from the Section 147 program to the Section 18 program, that is, they changed their status from that of a demonstration project into that of an ongoing program. Others are in the transition period between the end of the Section 147 funding and the beginning of Section 18 funding.

Question. How has Section 13(c) of the UMT Act affected the implementation of the Section 18 Rural and Small Urban Program?

Answer. Emergency Regulations for the Section 18 program were published on December 13, 1978, but the program's implementation was delayed until June 12, 1979, by negotiations for the Special 13(c) Warranty and Waiver. Further delays were experienced as the States assessed their responsibilities and liabilities under the procedure.

Due largely to FHWA and DOL participation in the 12 regional White House Rural Initiatives Conferences, we have been able to discuss the 13(c) issue with the States, and, in many cases, allay their fears about it. However, a few reservations remain, including:

(1) the complex language in the warranty;
(2) uncertainty about the limits of responsibility and liability;
(3) the apparent infeasibility of the waiver provision; and
(4) a fear that local inhibition over 13(c) will impede Section 18 implementation.

Mr. **Fary**. Any of you can answer the other questions that I have. To what extent does UMTA make loans under the section 3 capital assistance program? We hear a great deal about grants, very little about loans.

Ms. **Liburdi**. We have not utilized the loan provisions very extensively. I understand that we use it basically for advance land acquisition to preserve rights-of-way or parcels of land that will later be used for transportation project efforts. But it is not a very extensive activity.

Mr. **Fary**. Do you think local communities should be required to pay a minimum percentage of their operating expenses out of fares, something like 30 or 35 percent?

Ms. **Liburdi**. We have been talking about various options for revision of the section 5 operating program, and one of the concepts we have discussed internally is the idea of establishing a Federal limitation on the program. We have talked in these discussions about a concept that would eventually lead us to a 25-percent Federal constraint on the program level.

That would mean that the remainder of the cost, the 75 percent, would have to be borne at the local level. As I indicated earlier, we do not think that there should be a policy at the national level how that 75 percent share should be made up.

We do think it should be a combination, however, based on local priorities and needs and local choices about how they generate resources between the fare box and taxing sources or other means of revenue generation. But I do not think we would advocate a specific percentage from the fare box.

We are seeing operators move toward that kind of concept. I think Mr. Simpson indicated that New York is recovering something like 55 percent from the fare box. That is a definite policy objective on their part.

I think Detroit has recently instituted a similar policy which would require that a return of approximately 50 percent occur from the fare box. But we think that should be a local choice, once we articulate what we believe the Federal role should be, and that is something we expect we will be discussing at length as the reauthorization is considered.

Mr. **FARY**. Thank you.

Mr. Downs, could you explain how the Federal Government contributes funds for vanpooling? Can Federal funds be used to buy vans?

Mr. **DOWNS**. The Federal Aid to Highway funds and primary and secondary Federal Aid to Urban System funds can be used for the purchase of vans for vanpool operations. It is in a sense a form of a loan, since the vans provided are then released to organized vanpools, and the individuals who use the vans are charged a price which includes the depreciation of full amortization of the cost of the van, and those funds are then returned back to the highway program.

It is a form of using Federal Aid Highway funds for the purchase of vans. In addition, we provide eligible project expenses. You can use it for computer match for ridesharing information, marketing, or any number of promotional activities as well.

Mr. **FARY**. The subcommittee heard testimony in both Atlanta and San Jose, to the effect that ridesharing projects, staggered work hours, parking controls, carpools, a number of strategies, will not work very well unless industry and business are involved. Are business and industry getting involved to a greater extent, and how can they be stimulated to do more?

Mr. **DOWNS**. The President, in appointing the President's Ridesharing Task Force, went out of his way to try to appoint a number of business leaders, private sector leaders who were recognized in industry and commerce, who had been very active in supporting ridesharing—for instance, Prudential, Connecticut General Life, 3M, and a number of other large corporations have been very active in the ridesharing field.

We have been very successful in having them spread the word to their brethren about their successes in ridesharing and carpooling.

A number of corporations have been successful in massive amounts of cost avoidance; for instance, avoiding the construction of additional employee parking by going to a concerted employee ridesharing program.

Those companies that are in ridesharing are true believers about it. We have been trying to encourage them and provide them with the support necessary to encourage their counterparts in business to enter into the program. But I agree with you, the success of the program depends on the private sector. It depends to a good extent on the ability of the employer to provide some kind of supportive mechanism for the employees to carpool, rideshare, and vanpool to work.

Mr. **Fary**. Thank you very much.

Thank you, Mr. Chairman.

Mr. **Mineta**. Thank you very much, Mr. Fary.

Ms. Liburdi, you are probably familiar with the GAO report, I believe it was in December 1979, relative to the manufacturers' warranties on buses and on equipment in general. The report says in essence that transit properties across the country really have not been taking advantage of warranty provisions, and so Government, through increased O. & M. costs, has been picking up the bill.

Given the fiscal constraints being placed on all of us, I wonder whether or not this is a big problem, whether or not you are dealing with this in new regulations or through existing regulations. How can things be tightened up?

Ms. **Liburdi**. We have a twofold approach that is underway. The first is that we have been working with the manufacturers. Some of the operators have volunteered their assistance. The staff, too, is looking at the warranty provisions. They need to be made as clear, as explicit, as functional as possible, so that the operators will take advantage of the provisions that are provided by the manufacturers when we purchase equipment or install facilities.

We have been hard at work on that, particularly in the rail area, because that has been one of the larger problem areas. Generally with all the manufacturers, I think we are making some progress. But I do not think we are as pleased with the progress as we would like to be. We are moving, particularly on the rail side, with the Railway Progress Institute and other representatives, to focus in on three or four particular areas that we feel we can resolve and sharpen up fairly quickly.

We are also, though, very concerned, as I think I perhaps obliquely referred to earlier, with the results of deferred maintenance and with the maintenance practices that we see exhibited in some properties. Also, we do not have adequate maintenance facilities in other properties. The failure on the part of an operator to take advantage of warranty provisions and poor or deferred maintenance have been catastrophic in some cases.

We have been working on a concept that would revise some of the terms and conditions that we impose on grantees once they receive approval of a program award, or once they enter into a third party contract.

Mr. **Mineta**. Have you been able to quantify the problem to any degree?

Ms. **Liburdi**. I do not know whether we have numbers that break out by specific areas in terms of dollar impact. Some of them are interrelated. I am not sure we could break them out sufficiently, but I will ask and see if we do have something, and if we do, we will submit it to you.

Mr. **Mineta**. All right, fine. I want to thank all the witnesses.

Ms. Liburdi, Mr. McManus, and Mr. Downs, we do have additional questions, and the record will be kept open for your responses, including answers to the questions submitted earlier by the subcommittee and questions individual members may have.

Again, thank you very, very much.

[The following was submitted by UMTA for the record:]

DEPARTMENT OF TRANSPORTATION,
URBAN MASS TRANSPORTATION ADMINISTRATION,
Washington, D.C. May 9, 1980.

MR. CHARLES A. KROUSE,
House Public Works and Transportation Subcommittee on Oversight and Review, Rayburn House Office Building, Washington, D.C.

DEAR MR. KROUSE: Enclosed as you requested are three sets of Questions and Answers from the Oversight Hearings of February 21. The first set responds to questions from your letter of January 29, confirming the hearing dates. The other questions followed the hearings, one set coming directly from you and one set from Congressman Oberstar.

Should you have any questions regarding this material, do not hesitate to get in touch with me.

Sincerely,

ROBERT H. MCMANUS,
for LILLIAN C. LIBURDI,
Deputy Administrator.

Enclosure.

INITIAL QUESTIONS

Question 1. Please comment on UMTA's financial assistance to communities for both capital and operating aid and whether or not this assistance will remain an important part of the national picture?

Answer. Federal assistance to communities for capital and operating aid will continue to be the keystone of the UMTA program. As I have previously indicated, we are proposing major changes and some additional authorizations for the Section 5 operating assistance program. In addition, we will be proposing extended and increased authorizations for the Section 5 capital program. The actual proposal will prvide the specific details.

Question 2. What recommendations do you have on how to achieve more efficiency and productivity in both bus and rail operations?

Answer. Transit productivity, as measured by vehicle miles per employee, declinded by 4.4 percent between 1973 and 1977. At the same time, however, attempts were being made to increase transit effectiveness by offering special services to the elderly and handicapped; extending transit routes into previously poorly served areas; and improving transit user information services. Providing a more effective service may increase costs, resulting in a lowering of efficiency and productivity. For the most part, these are tradeoffs that must be made locally, and there is little UMTA can do to control them.

However, there are changes in program structure that can be made to promote greater efficiency and productivity. Specifically, they would tend to improve the monitoring of effectiveness improvements by making them stand an efficiency and productivity test. Those that did not meet the test would be dropped. The most important of these structural changes would be to limit federal operating subsidies to a percentage of total expenses rather than a percentage of the deficit. This would lead to improved coverage of operating costs out of farebox revenues and/or State/local subsidies. The net effect would be more careful cost control of effectiveness improvements. The Federal Government could aid this development through increased training of marketing, routing and scheduling, dispatching, and run-cutting personnel. Some of the necessary software is already available in UMTA's Office of Transit Management. Equipment utilization could be greatly improved by investment in improved maintenance facilities and more skilled maintenance personnel. This means more capital grants for maintenance facilities and initiating training programs for maintenance personnel. Productivity of equipment could also be improved by flexible and/or staggered work hours at the local level. Incentives could be offered to operators for successful promotion of this activity in their localities.

Question 3. What new approaches to providing mobility have evolved from research and demonstrations carried out under UMTA's Service and Methods Office?

Answer. A number of cost effective and innovative techniques to improve mobility in urban areas have been developed in the Service and Methods Demonstration program (SMD). These efforts have been done in partnership with local governments, since we at the Federal level do not have authority to operate these services. I know you have heard testimony about some of these in the hearings you have recently held around the country. I also want to point out that a major focus of our program has been to change the way in which one perceives public transportation from simply a system of fixed route services to a coordinated set of transportation services. These services in larger urban areas are built around the fixed route system, for example, various types of commuter ridersharing, demand responsive transportation and special services for target groups like elderly and handicapped persons. We are attempting to develop a new perception on the part of transit operators that divides the general population into groups of market segments, each having its own particular mobility needs. The function of a transportation provider is then to develop a mix of services to meet these needs most cost effectively. This may be done directly by the transit operator, under contract with a private provider, or through a "transportation brokerage" arrangement bringing together persons who need service, such as social agency clients, with those who have transportation resources such as taxi operators. We are very concerned to see all existing resources, especially those in the private sector, fully utilized. Viewing the transit operator as a multi-service provider may be a radical change from the past for some, but it is a concept that must take hold during the 1980's, if we are going to provide the transportation alternatives needed in our complex urban environments.

Under this umbrella concept of the transit operator as a full service provider, the SMD program has developed a number of service techniques to improve mobility and increase the efficiency of the transportation system. Some early successes were projects funded in the early 1970's in partnership with FHWA to demonstrate the effectiveness of reserving street and/or highway lanes for the use of buses, often in combination with carpools. This technique is becoming widely used.

More recently in the conventional transit area, SMD has been evaluating the use of the "timed-transfer" concept to coordinate schedules of suburban bus service and minimize overall trip times for multiple transfer journeys which are often necessary in the suburbs. Timed transfer has been successfully used in Canada and is showing promise in several U.S. cities now adopting the concept.

Another concept showing promise is the Employment Centered Bus Service. This involves scheduling buses more efficiently on short trip subscription commuter services to non-CBD work locations. The bus schedules are tied into the staggered hour work shifts. Using this technique, as many as three or four trips can be made by each bus during a peak period, thus improving the efficiency of the operation as well as providing high quality service. The concept is now working very successfully at an employment center in Los Angeles. Employers previously ignored the transit alternative for their employees now support this personalized approach.

Question 4. What is UMTA's current involvement in ridesharing, paratransit, and so-called TSM strategies? How can some of these other activities be integrated with conventional transit?

Answer. A variety of new services have been developed during the past five years under the general title of paratransit. These included demand responsive services, commuter ridesharing, feeders to fixed route transit and special services for elderly and handicapped persons. An important element of these SMD projects was the management structure used to coordinate the various services. The term I used earlier, "transportation brokerage", is becoming increasingly used to describe this structure.

An encouraging development in paratransit is its growing acceptance by many transit operators. Almost all of our paratransit demonstrations involve transit operators who increasingly perceive paratransit as a complement, not as a threat, to transit service.

Commuter ridesharing is perhaps the most widely known and used paratransit mode and one of the most effective TSM strategies. The SMD demonstration projects have shown that ridesharing can attract commuters regardless of type of job and income level. The demonstrations have developed various organization approaches for vanpool programs for the general public. They have also shown how various creative marketing approaches can increase the effectiveness of ridesharing programs. Now both the regular FHWA and UMTA funding resources are being looked to for implementing ridesharing programs around the U.S. I believe a local area should have the flexibility to make trade-off decisions for the use of section 5 funds for these various types of services and guidance is about to be published on this subject.

Another innovation that we think is important is a unique subsidy approach not only to improve mobility but also to utilize the service of private transportation companies more effectively. We have termed this approach "user-side subsidy", since it differs from customary approaches in that subsidy funds are given to the user of a service, not the provider. This enables the user to choose from the variety of transportation services available in the community and select the one that best meets his needs. The approach allows more opportunity for market forces to work and reduces the need to select a single contractor. It is especially useful for improving the mobility of elderly and handicapped persons and can provide a higher level of service at lower cost than a system of dedicated vehicles.

A final area that we are investigating in the SMD Program is one that involves the charges made for the various types of transportation services and for parking.

Question 5. What is the status of UMTA (and FHWA) activities on Energy Emergency Planning?

Answer. UMTA (and FHWA) activities on energy contingency planning began some time ago. During 1978, prototype contingency planning studies were initiated by UMTA in Kansas City and Dallas/Fort Worth. Results, which will be useful to local areas as models for planning, will be available shortly. On March 29, 1979, we issued guidance to our field offices (jointly with FHWA) asking that energy contingency planning be given high priority in the ongoing urban transportation planning process and providing some initial technical assistance in this area. This was followed by publication of a document excerpting six existing initial contingency plans (Washington, Memphis, Los Angeles, Minneapolis-St. Paul, Seattle and Dallas/Ft. Worth). We also sponsored (with FHWA, the American Public Transit Association and the National Association of Regional Councils) a series of five workshops on contingency planning in July 1979. Over 600 state, local regional and transit agency planners attended. Since then we have been working to develop additional technical assistance materials as well as considering further steps to spur additional work in this area.

As a result of these activities, every urbanized area over 1,000,000 (the 25 largest) has included energy contingency planning activities in their 1980 work programs. Many smaller areas are also pursuing work in this area as well. We will now be asking our field offices to keep up with this activity and to encourage further work to better address the problem. The initial efforts now underway need to be updated and expanded. Local interagency agreements should be prepared and agreed to, labor issues addressed and resolved bus stockpiles made ready, bus routes and schedule changes asessed and detailed, and so on. Guidance to the field offices (and to local, state and regional agencies) now being prepared will highlight these points as well as making clear the need for all levels of government to work together to prepare for potential energy emergencies.

Question 6. Please provide some statistics on transit ridership nationally and projections for the future.

Answer. After many years of continual declines in transit patronage during the post-war period, transit ridership levels have stabilized and increased in the United States during the past decade. The major growths in transit ridership were prompted by the 1973-74 oil embargo and the gasoline shortages of this past year, and made possible by the additional transit facilities and services financed by federal assistance programs during this period. Preliminary reports by the transit industry estimate ridership at more than 6.3 billion passengers (linked transit trips) in 1979, an increase of 6.7 percent over 1978.

While this overall trend is encouraging, other evidence indicates the use of transit in commuting travel declined since 1970. The most recent Bureau of the Census findings on commuter travel are reported in the following table and reveal a low use of carpooling, as well. These data also suggest a return to single-occupant, automobile commuting occurred after the 1973-74 oil embargo. The current situation of gasoline price increases and prospective shortages should continue to cause increased demand and usage of public transit services in many individual cities and nationally during the 1980's, however.

TRENDS IN MEANS OF TRANSPORTATION TO WORK, U.S. SUMMARY: 1970–75

[Workers in thousands]

Principal means	1970		1975	
	Number	Percent	Number	Percent
All workers	76,552	100.0	80,125	100.0
Private auto or truck	58,097	75.9	67,869	84.7
Drive alone			52,294	65.3
Carpool			15,575	19.4
Public transit	6,791	8.9	4,825	6.0
Bus or streetcar	4,225	5.5	3,100	3.9
Subway or elevated	1,768	2.3	1,179	1.5
Railroad	502	.7	405	.5
Taxicab	296	.4	141	.2

Source: Bureau of the Census, "Survey of Travel to Work" supplement to the 1975 Annual Housing Survey; and 1970 Decennial Census reports.

The future

The administration's legislative proposal is based on the goal of increasing the size of the transit fleet by 50 percent over the next decade. We estimate that service improvements made possible by such increased capacity, when combined with appropriate incentives for transit use, might produce a transit ridership increase of 50 percent to 75 percent by 1990.

Question 7. Please provide your evaluation of trends in operating costs and revenues with at least some discussion of whether there should be a national policy on fares.

Answer. Transit operating expenses have risen about $2.2 billion from 1973 to 1978, while operating revenues have risen by only about $580 million. The following table presents the relevant statistics:

TRANSIT OPERATING COSTS AND REVENUES

[Dollars in billions]

Year	Costs	Revenues	Deficits
1973	$2,536	$1,798	$0.738
1974	3,239	1,940	1,299
1975	3,709	2,002	1,707
1976	4,021	2,161	1,860
1977	4,404	2,284	2,120
1978	4,712	2,381	2,332

Of the factors contributing to transit cost increases during this period, inflation has been dominant, accounting for over half of the increase. Other explanatory factors in order of importance include service expansion, wage and fringe benefits over and above inflation, additional employees over those needed for service expansion, and rising fuel prices.

The following table shows that the annual percentage increase in cost per vehicle mile has exceeded the rate of general inflation in all but one year since 1974. These cost increases have been particularly burdensome for some urbanized areas. A recent evaluation of the Section 5 assistance program showed that one-fifth of the urbanized areas in the study sample had to cut back on vehicle miles of service with accompanying declines in patronage.

On the revenue side, fares have increased at an annual average rate of 4.3 percent since 1974, well below the average rate of general inflation. However, total revenues have almost kept pace with inflation over this period. This was due to the large (8.3 percent) increase in average fare in 1976 and the 4.2 percent increase in passengers in 1978. The net result has been that revenues have been fairly constant as a percentage of operating expenses since 1974, hovering at around 53 percent from 1975 to 1977 and declining to about 51 percent in 1978.

PERCENTAGE CHANGES IN SELECTED OPERATING CHARACTERISTICS—1974–78

Year	Expenses/vehicle mile	Passengers	Average fare	Total revenues	Rate of inflation
1974–75	9.6	0.7	2.9	4.2	9.6
1975–76	6.6	.5	8.3	7.9	5.2
1976–77	7.7	.9	5.5	8.2	6.0
1977–78	8.9	4.2	1.8	6.0	7.3
Average	8.0	1.5	4.3	6.6	7.0

Source: Calculated from data in the APTA Transit Fact Book. Rate of inflation is from the U.S. Commerce Department Survey of Current Business.

On the subject of fare policy, I believe we need some discussion and debate on this issue. I do not favor a "national policy on fares." I favor local policies on fares. Unfortunately, however, all too many local jurisdictions seem unwilling or unable to develop long-term programs on farebox income, and seem inclined to view transit fares instinctively as something to be held as low as possible from one year to the next. I do not believe this is sound; I believe local jurisdictions should be developing long range plans on where revenue will come from and begin to exercise better management over the farebox, viewing it as a very sensitive, but a very important, source of revenue. We plan to launch a few activities in the R&D area this year to give transit managers, a better understanding of the effects of fare increases in ridership and cash yield, and also to explore more imaginative ways of structuring fares so that less price sensitive market segments can be kept separate from those that are more price sensitive.

In general, though, I feel that farebox income must be drawn into the financial picture a little more completely than it now is. I'm confident that local concerns over diminishing subsidy dollars will force this to take place.

Question 8. What are the main points covered in the report on the transit information system required under Section 15 of the 1974 federal law?

Answer. Section 310 of the Surface Transportation Assistance Act of 1978 mandated a report to the Congress on the status of the Section 15 Reporting System. That report was forwarded on January 7, 1980, and I am attaching a copy of it to this response.

As both a summary of the report, and a supplement to it, the following highlights can be identified:

The first full year of data has been reported to UMTA as prescribed. This data is not being entered into the computer; publication of the first series of so-called "output reports" is scheduled for late Spring or early Summer of this year.

Given the size and scope of the Section 15 Reporting System, its implementation has been remarkably free of difficulties. To assist us in monitoring the operation of the Section 15 system, we are currently in the process of chartering a formal advisory panel to make recommendations for improvement and modification. Thus far only two issues have surfaced as problems with the system. The suggested method for passenger sampling appears to constitute an undue burden for the smaller operators, and the requirement that Section 15 reports be audited has caused a good deal of delay in the timely submission of reports. We expect that when the Advisory Panel is established, they will suggest changes in these areas.

The onset of the Section 15 system has already begun to register an effect on transit management. Many transit systems, in order to meet Section 15 requirements, have instituted major improvements to their internal management information systems, and better local control over various cost centers has been the result. Also, preliminary work has begun on using the Section 15 Reporting System as a means of measuring and evaluating transit performance. Peer comparisons among transit systems must be done with utmost caution, since many seemingly similar systems are not truly comparable. However, there is considerable activity at the state level in developing methodologies for evaluating the performance of a limited number of local operations, and tying local operating subsidies to the achievement of some specified performance threshold. UMTA is assisting such activities through both its Section 8 and Section 6 programs, and we expect to see increased activity along these lines in the months and years ahead.

Question 9. What preliminary findings exist on the impact of the federal government's new policy on requiring parking fees to be paid by federal employees.

Answer. Our Service and Methods Demonstration Program has funded Washington COG to collect data on the commuting habits of Federal employees before and after the recent increase in the parking rates. "Before" data were collected in the

Washington area from 34 Federal sites and 12 non-Federal control sites. Approximately 20,000 forms have been returned for a 42 percent response rate, which is considered satisfactory for analysis purposes. Initial tabulations have been made which will be compared with the "after" survey data to be collected the end of April 1980. It is expected that by this fall, we will be able to report on the general impact of the parking price increase on commuting habits and a more detailed report will be published early next year.

Our focus to date has been on the Washington area both for budget reasons and the fact that the amount of Federal parking affected and the magnitude of the price change have been comparatively minor elsewhere. However, we are still giving consideration to some limited comparative analyses at other locations.

SUBSEQUENT QUESTIONS

Question 10. Lillian Liburdi, in a speech November 28, 1979, before the International Taxicab Association annual meeting in Miami, said UMTA would fund paratransit projects incorporating the use of taxis and other private paratransit providers when communities elect to include them in their local Transportation Improvement Programs (TIPs). Can you give us an idea of how broadly public agencies do contract with outside private firms and how much Federal money has been used for this program. Is UMTA promoting the use of outside private firms?

Answer. While UMTA has not developed program statistics on contractual relationships between its grantees and private contractors, we know by our inquiries that at least 20–30 communities have included taxi-operated paratransit services in their Federally-assisted local transportation programs. These communities vary in size and include large metropolitan areas like Cleveland and Miami, medium size cities like Akron and New Haven, and small communities like Salinas, California and Westport, Connecticut. Contracts range from a low of $60,000 to a high of over $1 million.

Although the choice of a provider for a service is a local one, UMTA has been active in promoting competitive opportunities for private enterprise in carrying out Federally-assisted paratransit services. UMTA, through sponsorship of many activities, has sought to make public grantees and private operators aware of the advantages of utilizing private enterprise in carrying out paratransit services. Currently, UMTA is sponsoring, with the International Taxicab Association, a series of regional meetings to make taxicab operators and local officials aware of how taxis can participate in local transportation programs.

Question 11. Your discussion of further funding in the February 21 hearing assumed passage of the windfall profits tax and the availability of some of these revenues for transit. What happens to your commitment to expanding the transit program if the windfall revenues are not available?

Answer. Windfall Profits Tax Revenues and those authorizations must be appropriated through a supplemental appropriation for fiscal year 1980 and a budget amendment for fiscal year 1981.

If these authorizations and appropriations do not occur we will not be able to accomplish the objectives articulated by the President.

Question 12. FHWA and UMTA on September 17, 1975, issued joint regulations on improving transportation systems planning and programs. Included in these regulations was a requirement for metropolitan planning organizations to develop so-called TSM elements. UMTA and FHWA program funds are available for TSM projects, but the General Accounting Office reported in October of 1979 that the TSM program has *not* been a popular one, that local officials seem to prefer to spend money in traditional ways, and therefore the program has had minimal impact. How much UMTA money was spent last year for TSM projects? What needs to be done to achieve more interest in some of these high payoff programs?

Answer. The requirement for Transportation System Management in urban transportation was designed primarily to engender an enhanced consideration of service and operational improvement to the existing transportation system. The list of likely TSM actions included in an appendix to the Joint Planning Regulations contains a large number of actions designed primarily to change the way in which transportation systems and facilities are managed. Many of these actions do not require expenditure of large amounts of capital funds but merely a change in the way business is conducted. This is particularly true in transit-TSM where most activities which would be eligible for UMTA funding are in fact related to internal transit management improvements. Thus it is very difficult to break out from the total UMTA bus capital and operating assistance programs the amount spent on TSM. On the planning (Technical Studies) side, however, we know that $19 million of the total $55 million program was used for activities designed to develop short term TSM-type plans and projects.

UMTA has underway a number of activities designed to promote TSM. This includes training in technical analysis techniques, technology sharing, the Service Methods Demonstrations Program, and an upcoming series of seminars for local elected officials to be conducted jointly with the Federal Highway Administration. In addition, the Transportation Energy Initiative includes funding for Auto Use Management, which would promote a wide range of TSM activities. Further, UMTA has requested funding for the new Section 4(i) Program. These funds would be provided to transit agencies for the development, operation, and management of innovative service techniques and to specifically promote ridesharing activities. In addition, external forces on the transportation decisionmaking environment such as the need for energy conservation and increasing budgetary constraints are stimulating state and local governments to adopt TSM strategies.

Question 13. In UMTA's regulations of February 11, 1980, proposing a bus rehabilitation policy and program, UMTA said it would fund bus "rehabilitation" as long as the costs do not exceed 60 percent of the costs of a new bus over the five-year extended life that is required. Were any such projects funded prior to issuance of the regs? What is the reason properties consider rebuilding rather than purchasing new buses? Will rebuilt buses have to be lift-equipped whether they originally had lifts or not?

Answer. UMTA has funded the rehabilitation of transit buses on a case by case basis prior to the issuance of the proposed bus rehabilitation policy published on February 11, 1980. Grants have been awarded for the rehabilitation of transit buses in Boston, Detroit, Atlanta and Dade County, Florida.

The increasing cost of new buses has led to numerous requests for UMTA to fund rehabilitation of older buses. This option appears to offer a flexible and cost effective approach to respond to the need for additional transit capacity. Because of the uncertain impacts of bus rehabilitation, UMTA will continue to award such grants on a case by case basis until comments are analyzed and a final bus rehabilitation policy is issued.

In order to comply with the Department's regulations implementing Section 504 of the Rehabilitation Act of 1973, UMTA required each rehabilitated bus to be equipped with handicapped accessibility features to the extent structurally feasible. If it is determined locally that such retrofitting is not structurally feasible, UMTA will require appropriate documentation supporting that decision.

Question 14. The General Accounting Office in a report issued December 7, 1979, concluded that transit authorities around the country have not been taking full advantage of warranty clauses in equipment purchase contracts. One of the consequences of this is that repair costs that could be paid by manufacturers end up being done under routine maintenance, which means the costs are paid in part by the federal government and any other level of government subsidizing transit operations. How big a problem is this? Has UMTA tightened up its requirements as a result of the GAO study? Do you agree with it?

Answer. At the present time, we have no knowledge of the extent of this "problem". Our ADB specification includes a warranty provision, and warranties are presently a discussion item in our rail car standardization effort. We are currently considering issuance of guidelines to assist the grantees in recovering costs under the warranty provision. However, we wish to point out that it is in the grantee's interest to take advantage of warranties, and that our impression is that they do so in most cases. It may be undue federal interference to take a more active role than we do now.

Question 15. The UMTA testimony discusses the "queuing" process involving large projects waiting for funding. Do you let anybody who wants to get in that queue and try to justify their project? Or do you only let as many as you know you will have future funding for? If the latter is the case, aren't you in a position of prejudging the alternatives process and then just using it as a paper-shuffle holding pattern until the funding catches up?

Answer. UMTA permits whorthwhile projects to advance through the planning and project development process (i.e. through system planning, alternatives analysis and preliminary engineering). Worthiness is measured by an examination of the costs and effects of the project relative to lower cost alternatives. Unworthy investments will be foreclosed from further advancement whenever there is sufficient evidence to render this judgment. At the end of preliminary engineering, worthwhile projects will be queued for prospective funding if available authorizations are insufficient to permit immediate funding commitments.

Question 16. Your budget request for fiscal 1981 includes the addition of 60 positions to the UMTA staff. We could see roughly a 50 percent increase in the UMTA program beginning in fiscal 1981. There were no staff increases in fiscal 79 or 80. Are the 60 positions adequate to handle such an expanded transit program?

Answer. The fiscal year 1981 program level does represent a quantum jump in the capital resources available for transit project commitments.

The sixty positions requested by us will be an approximately 10 percent addition to currently allocated staffing levels. We believe that this increase in conjunction with organizational changes we are planning to undertake will provide an adequate level of staff to maintain an appropriate level of program management and oversight. Of course, experience with the new funding levels, the proposed legislative revisions and procedural and organizational changes may suggest further additions to staff in future fiscal years.

Question 17. Will you please provide the Subcommittee with a list and brief description of 8 to 10 of the largest projects that have been funded under the "Urban Initiatives" program? What criteria are used to fund these projects?

Answer. The nine largest projects funded in fiscal year 1979 were:

New York, New York.—$10,000,000 for transportation improvements to Grand Central Terminal to complement and support private development. Included will be improvements to access, rehabilitation of mezzanines and platforms and improvement to the terminal's environs.

Baltimore, Maryland.—$10,000,000 for three joint development projects (a major shopping complex in downtown Baltimore, a residential/office complex at North Avenue, and a smaller office complex at another site.)

Pittsburgh, Pennsylvania.—$7,170,000 for land acquisition and design of an underground trolley station tied in with a major retail/office/hotel complex.

St. Louis, Missouri.—$4,849,000 for renovation of two historic buildings to house 300 administrative transit personnel. This joint Departmental effort includes substantial amounts of private investment.

Boston, Massachusetts.—$4,000,000 for engineering and design of the MBTA's South Station area. This includes modernization of the station, construction of an intercity bus terminal, and pedestrian access to commercial space being developed adjacent to the station.

Toledo, Ohio.—$3,987,000 for a transit mall to provide a transit-exclusive lane over a 12-block core area of the city.

Dallas, Texas.—$2.500,000 for a major bus transfer facility, with substantial financial participation anticipated from the private sector.

Burlington, Vermont.—$1,500,000 for a four block transit mall with pedestrian improvements.

Camden, New Jersey.—$1,500,000 for design and engineering of a transportation terminal, with the project to include a bus terminal, parking garage, and mass transit station and concourse.

The criteria used to select these projects include but are not limited to:

A. Transit factors

Impact on transit patronage and quality of service;
Potential for more efficient use and operation of physical facilities; and
Improved access to employment, education, health, and recreational opportunities.

B. Socioeconomic factors

Degree to which project provides employment for the economically disadvantaged;
Degree to which project will strengthen the urban economic base;
Enhancement of the immediate physical environment;
Whether project is located in those cities determined by HUD to be distressed; and
Targeting of UMTA funds with those from HUD, EDA, and other Federal agencies.

C. Development factors

Potential to leverage private sector investment.

D. Other factors

Local, state participation;
Regional distribution; and
Size of community.

Reply to Questions From Congressman James Oberstar

Question 1. UMTA's emergency Buy America regulations, which I understand are now being revised, require all UMTA funding to conform to the current regulations. If a grantee imposes a state domestic preference which differs from UMTA's regulations, it is my understanding that federal aid would be denied. It appears to me that by this administrative action you are insuring that federal regulations will take precedence over state statutes in the event of such conflict, which appears contrary to the history of the Buy American Act.

Section 401 of the 1978 Surface Transportation Assistance Act, P.L. 95-599, reflects the intent of Congress that only domestic materials, including steel, shall be used in mass transit projects, with four clearly defined exceptions. Congress did not intend that Section 401 should be so interpreted by administrative decision to allow the use of foreign materials except in those unusual circumstances. Yet, UMTA, notably in the Pennsylvania case and in other circumstances, is circumventing the language and intent of Congress.

Under what authority does UMTA presume to require some states to violate their more restrictive Buy America laws?

Answer. Section 401 and its legislative history create a very comprehensive framework of domestic preference provisions for Federal transit grants. Colloquies on the Senate and House floors with the respective floor managers established that the implementation of Section 401 was to be consistent with the implementation of the Buy American Act of 1933 that governs direct Federal contracts. The 1933 Act created a system of preference for domestic materials, but it did not forbid the purchase of foreign materials in all cases. For instance, a bidder could comply with the 1933 Act by delivering an end product that had only 50 percent United States component content. As an example, if the United States government buys airplanes, the steel in the engines may be foreign steel without the airplane being considered foreign. The United States can even buy foreign built airplanes, if buying from the lowest United States builder would add more than 6 percent to the purchase price.

The UMTA regulations are consistent with the 1933 Act and its implementing regulations except in those areas where the language of Section 401 is manifestly different from the 1933 Act. For instance, the "unreasonable cost" waiver of Section 401 offers companies who manufacture in the United States much more protection than the "unreasonable cost" waiver of the 1933 Act. The implementation of the 1933 Act deems the cost to be unreasonable if the company which is located in a non-surplus labor area in the United States is 6 percent higher than the foreign manufacturer. In Section 401, the domestic manufacturer wins the contract even if he is 10 percent higher.

In the case of an applicant seeking funds covered by Section 401, it can be seen that Congress struck a balance between domestic preference and price competition when Section 401 was enacted. Companies who manufacture in the United States are placed in a preferential position compared to all other manufacturers, but the waivers in Section 401(b) and the history of the 1933 Act clearly establish that there are instances where foreign materials must be permitted. Since Congress struck this balance, we do not believe that an administrative agency has the authority to permit states to strike a different balance and to limit competition where the Federal statute would permit it. There is nothing in the legislative history of Section 401 to indicate that the Federal statute should bow to state statutes that offer different domestic preference requirements.

In addition to this issue of Federal pre-emption because of the comprehensive framework of Section 401, Section 3(a)(2)(C) of the Urban Mass Transportation Act states: "nor shall any grant or loan funds be used to support procurement utilizing exclusionary or discriminatory specifications."

The legislative history of this provision, which is limited to the introductory remarks of Congressman Brademas, shows that the purpose of this language was to require "that the spirit of the Federal [procurement] regulations—fairness and economy in making purchases—be made applicable to these transactions" and that the "rule of competition" should apply. Congressman Brademas stated that he wanted to insure that UMTA funds made available for capital purchases "be expended in a manner that is fair, and gives the Federal taxpayer the greatest return for his dollar." 119 Cong. Rec. 32,821 (October 3, 1973) (Remarks of Cong. Brademas).

In the only case interpreting the statute, the Court stated that "while it is clear that the [Brademas Amendment] prohibits specifications adopted for the purpose of excluding a competitor from bidding without regard to the merits of the product involved, neither the language of the statute nor its legislative history indicates that the statute was intended to prohibit specification of a product improvement simply because not every competitor chooses to offer such an improved product." *AM General Corp.* v. *Dept. of Transp.*, 433 F. Supp. 1166, 1178 (D.D.C. 1977) (emphasis added). The Court also stated that the Brademas Amendment "would prohibit the federal defendants from abruptly revising their public policies to accommodate the investment decisions of one supplier, to the detriment of other suppliers that relied upon the prior public policies" and that the statute "would prohibit the federal defendants from implementing any such revised policies without giving competitors enough time to make informed investment decisions and thereby to compete under the new policies." 483 F. Supp. at 1179.

While judgments regarding the fairness of State and local buy-American provisions could vary, these provisions would not insure the greatest return on the Federal taxpayer dollar since buy-American provisions limit competition and could lead to some domestic companies being unable to compete for work in areas that had more restrictive domestic requirements.

Further, there are very serious constitutional questions presented where a State or local jurisdiction acts to restrict competition from foreign producers in a manner inconsistent with that of the Federal Government. The Constitution vests within the Federal Government the authority to regulate interstate and foreign commerce, and to impose import and export taxes. The Supreme Court has consistently taken the position that States or local jurisdictions are not free to enact regulatory schemes to promote local interests which have the effect of unduly burdening the free flow of commerce. This is particularly true where foreign commerce is affected, since exlcusive control over relations with foreign nations is reserved to the Federal Government. Where States have created impediments to the Federal Government's conduct of its foreign trade policies, preventing it from "speaking with one voice" on particular issues, their acts have been struck down by the courts.

Finally the approach taken in the UMTA regulation encourages competition in the transit supply and construction industry. In contracts funded by UMTA, it prevents the total exclusion of foreign competitors, technologies, and products by State and local governments while still providing the levels of protection for domestic products called for by Congress in the Buy America statute. The approach in the regulation aids U.S. manufacturers because it means that, in federally-funded transit equipment, they have one set of rules to follow in the area of domestic preference. This permits manufacturers to standardize their transit equipment rather than having to comply with variant procedures. Variant State buy-America provisions could be especially difficult in bi-state and multi-state procurement contracts. This approach also ensures that the Federal Government establishes the foreign policy considerations that will be involved in the award of federally-assisted transit grants.

Question 2. Is UMTA concerned that there is only one domestic mass transit car builder remaining in this country? Does UMTA have any intention of acting to protect the economic viability of a domestic mass transit production capability?

Answer. Yes, UMTA is concerned that there is only one transit car builder with domestic manufacturing facilities in this country. However, the "Buy America" regulations could result in the re-entry into the marketplace of previous manufacturers, the entry of new domestic firms, and we hope it will also encourage foreign firms to locate car assembly facilities in the United States. We believe that these decisions have helped protect U.S. labor. In addition, the regulations require that more than 50 percent of the cost of the components be of U.S. origin. This affords some protection to major component suppliers in the United States.

Question 3. Experience shows that when foreign producers have effectively eliminated domestic competition, they then dramatically raise prices for their goods since they literally have a corner on the market. What does UMTA intend to do to preserve a healthy domestic mass transit production industry—or does UMTA not believe that such a goal is in the national interest or a responsibility of UMTA?

Answer. We believe that the highly competitive nature of the international rail car industry will maintain reasonable prices, thus preventing any dramatic price increase. As an example, the NFTA in Buffalo received nine proposals from firms seeking to supply light rail vehicles for that system.

As stated in the answer to the previous questions, we believe that the "Buy America" regulations should encourage interested domestic firms to enter the transit car market. In addition, our fiscal year 1980–81 requests for increased funding are expected to result in more rail car buys, thereby providing more incentive to domestic industry. We are also encouraging foreign firms to establish production facilities in the U.S.

Mr. **Mineta**. We are pleased at this time to have Commissioner Arthur B. Powers, of the Connecticut Department of Transportation, and Richard H. Bradley, Deputy Commissioner, Bureau of Public Transportation, present with us.

Gentlemen, we apologize for the delay in getting to you. But after hearing both Mr. Simpson and Ms. Liburdi and Mr. McManus refer to the Connecticut Department of Transportation and the things that they are doing of an innovative nature, we have been looking forward to your testimony. So please proceed in your own style.

TESTIMONY OF ARTHUR B. POWERS, COMMISSIONER, CONNECTICUT DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY RICHARD H. BRADLEY, DEPUTY COMMISSIONER, BUREAU OF PUBLIC TRANSPORTATION

Mr. POWERS. Thank you, Mr. Chairman.

Mr. Chairman and Members of the Congress, I am delighted to be here today to talk about the many aspects of transportation and their impacts in the future on the quality and vitality of American life. I would like to make my presentation today in two parts. The first is to address the various policies and action agendas which we have recently adopted in the State of Connecticut to deal with transportation realities of the 1980's, a decade in which we face economic, environmental, and energy constraints.

In the second part, I would like to speak to variety of possible changes in Federal legislation and Federal programing which could aid us in accomplishing our objectives, which, I believe, are also objectives of the Federal Government.

Let me begin then by describing some of our recent actions in our State with a populaton of more than 3 million people, both rural and urban, with a mode split of 97-3, where transportation is managed by a department of transportation similar to the Federal Department of Transportation which is truly multimodal, handling everything from highway development to operating mass transit services, regulating taxi operators, and subsidizing rail freight operations.

A year ago, Governor Grasso appointed me to this poisition. She recognized that our transportation policies were in need of redirection and made it clear to me, as Governor Grasso can, that she expected a redefined program. Therefore, in September we announced what we have called our new balanced transportation program. There are five basic points to the program:

One. Expand public mass transportation.

Two. Develop automobile and road management programs.

Three. Develop new focus on air and waterways transportation.

Four. Develop integrated multiagency approach to air quality and energy conservation.

Five. Establish economic and community development policies and strategies which support investment in nucleated land use settlements.

The assumption behind these five points can best be described perhaps simplistically by this accompanying chart which describes the Btu consumption of different modes of travel. The direction to which it points is obvious—that we need to set policies which encourage model choices shown at the ride side of the chart.

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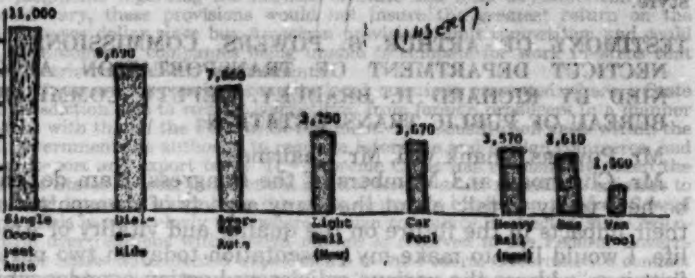

It also lays the framework for what we call a balanced approach to transportation, in that it clearly states that the private automobile, properly managed, with higher occupancy rates, can be as energy efficient as mass transportation. It implies that while we should make a major commitment to mass transportation where it is appropriate, at the same time it opens for us a set of strategies which allows us to conserve energy and maintain our existing places of living and working.

Let me then briefly outline the various steps which we will take under this five-point program.

In the area of mass transportation, we expect to commit approximately $400 million of Federal and State capital resources over the next 5 years to renew existing facilities and double the present capacity of 600 city buses and 150 rail cars. In particular, it means a major commitment in the area of rail services, which link our major urban centers as well as tie us to a corridor linking us to the cities in other States.

We would estimate that we will need to double this investment in the following 5 years if we are to have mass transportation services in the State which would have the capability of handling between 10 and 15 percent of the modal split.

By the end of the decade, this level of investment will be approximately equal to the level of State and Federal financing of new roadbuilding during the same period of time.

In this context I see a growing role for paratransit and other forms of nonconventional mass transit services to augment and supplement traditional services. Through the regulatory powers of the department, and limited subsidy, we hope to help stimulate new initiatives and new awareness of new markets for these services.

The second major area in which we are directing our focus concerns programs which will allow us to more effectively manage the automobile and the roads which serve these vehicles. Whereas in the past it was the function of a department like ours to manage the supply of transportation resources, we must now begin to manage the demand.

The most obvious example of this strategy is to attempt to increase the occupancy rate of cars through the promotion of a variety of ridesharing activities. In June the Governor, who had committed the State to ridesharing for its employees in 1976, established a ridesharing task force which brought together public and private sector interest and has led to a vastly expanded program of ridesharing efforts in which now more than 10 percent of the State's major corporations have ridesharing programs. It has also led to the establishment of a set of not-for-profit ridesharing corporations, financed by Federal Highway funds matched by private corporations, in different parts of the State which will provide technical assistance for employment-based management of home-to-work trip.

Other forms of automobile and road management included improved signalization, channelization, the construction of high occupancy vehicle lanes, more commuter parking lots, bikeways and pedestrian ways, the promotion of flexible work hours, which our department will be the model for other State agencies, the utilization of flexible paratransit services, toll management techniques, and other engineering improvements to our roads and bridges.

Contrary to the assumption that this will require a diminished highway planning and programing capacity, we believe that these refinements will require a much greater degree of sophistication as well as effort. We will need additional technical assistance if we are to achieve the gains promised by these programs.

As it relates to the third and fourth steps of our five-point program; that is, to develop a new focus on air and waterways transportation and to develop an integrated multiagency approach to air quality and energy conservation, I would like to speak briefly to this latter point. As you are well aware, there are a number of Federal guidelines and mandates which are directed at the States for purposes of implementation which require major transportation control strategies. These requirements, however, are often directed through agencies other than departments of transportation, and beyond this, they are mandated without any financial commitment to carry out the strategies.

This has resulted in considerable conflict among State agencies, and in order to attempt to resolve this we have put together a multiagency task force to try to develop a more cooperative relationship. While I think the establishment of the task force has been helpful, we have not had the adequate resources to do policy analysis of various strategies nor have we had additional financial resources to carry out these strategies.

I think there needs to be more cooperation on the Federal level if our efforts on the local level are to be successful.

In concluding my remarks about our initiatives in Connecticut, I would like to focus primarily on the last point of our five-point program, and that is the relationship between transportation investment and urban economic development and revitalization.

We have all along understood the direct relationship between the development of transportation facilities and changes in land use development. More recently attention has focused on the capability of mass transportation services to have a more dynamic effect in reversing some of the trends which were a consequence of our highway and road development program; that is, to stabilize the population and economic revitalization of our urban environment. In fact, it is our belief that the increasing cost of energy, as well as its scarcity, will combine with other land use force to make mass transit investment a critical determination in the continued rebuilding of our cities.

Based on these assumptions, we have undertaken the step and begun the planning process to attempt to influence these developments in Connecticut. Recognizing that we will be committing approximately $1 billion in mass transportation resources into our cities over the next 10 years, we have taken several steps:

One, set up an Office of a Rail & Development Coordinator.

Two, we are committing staff resources to identify economic development opportunities.

Three, seeking additional funding from UMTA to help us.

Beyond this, using the resources of the State, we have begun to negotiate with other State agencies to see if it might not be possible for them to commit similar amounts of funding for housing, neighborhood redevelopment, industrial development, social services, and other important city resources into areas immediately around or adjacent to our major capital facilities such as rail stations and central transfer points for the bus system.

As we move through this process, we will simultaneously begin to work with our cities, urging them to consider the possibility of committing not only their own financial resources, but also portions of HUD and EDA funds into these areas. The overall intent of this strategy is not only to target public investment into these concentrated areas, but perhaps more importantly, to create a stable investment environment for purposes of attracting private capital, which we believe can far exceed our own scarce and limited investment funds.

Quite frankly, we believe that using mass transportation this way may in fact provide the major justification for committing funds for financing transportation resources. The energy and air quality impacts of mass transportation appear to be directly related to its abilities to serve high-density development and to influence future similar developments which in turn also sustain and support mass transit.

I would like now to take the opportunity to offer a number of recommendations for your consideration as it relates to expanding or developing new transportation initiatives on the Federal level.

One, recognizing the significance which windfall profit taxes, if they are allocated for the purposes of mass transportation, will have on the ability to expand these services, we believe there is an equal need to provide additional operating assistance at the Federal level. The present apportionment under section 5 of the UMTA Act is unequal in its impacts on transit services in various parts of the country. We would, therefore, like to propose establishing a new apportionment formula over the next 5 years which would allow transit authorities to obtain 25 percent of the costs from Federal sources. We believe that such an arrangement would lead to prudent management of all mass transit financing, because 75 percent of the costs would have to be borne locally either by the patrons or by local taxpayers.

Two, we would urge you to provide adequate funding to complete the work of the Northeast Corridor as well as other emerging corridors in different parts of the country. We would hope that such funding would include work to complete the present station development plans but, additionally, go beyond it to provide an urban initiatives funding program similar to that in the UMTA program.

Three, we would also encourage you to more actively promote automobile management and transportation system management (TSM) activities as part of the present Federal Highway and UMTA programing. Given present commitments to complete highways as well as to maintain them, it is difficult to capture funds for these additional purposes. Perhaps it would be appropriate to offer a more favorable matching ratio for these purposes.

Four, given a variety of mandates for purposes of air quality and energy conservation which are affecting our objectives for planning overall transportation programs, we believe it would be advisable to continue to provide more flexibility in the categorical funding program provided by the Federal Government. While some people are proposing creating a transportation fund which would include highway, mass transit, capital and operating expenses, we believe that this could have detrimental effects, in the short run at least. But we do believe that there needs to be a much greater degree of flexibility and interchangeability in these categorical programs.

Five, if it is the intent of the Federal Government to encourage more energy-efficient land use pattern developments, including a more effective urban investment strategy, then we would recommend that you expand the incentive funding in transportation programing for purposes of encouraging expenditures which would achieve these objectives. Such incentives should stimulate multiagency investments that are targeted with an intent of leveraging private sector joint financing. There should be other incentives for planning processes which include negotiation and mediation among Federal, State, and local authorities to maximize these investments. In particular, I think it is useful to look at some of the programs recently developed by HUD, including their new Office of Public/Private Partnership, to determine if these are appropriate models for the Federal Department of Transportation.

Six, we believe there needs to be a vastly expanded human resource development program both within the Federal and State Departments of Transportation. For too long our agencies have been primarily capital oriented, requiring managerial and technical skills related to construction. We now need to develop a new generation of managers of transportation services who have both the technical competency and the entrepreneurial skills which allow them to work with other agencies and to maximize the scarce resources which will be a part of our future.

Seven, this recommendation is somewhat related to the previous one in that we believe there is a need to provide a greater degree of financing for purposes of policy research, planning, and strategy development. This is in recognition of the fact that future programs need to be more highly coordinated with other development and that the solutions to the problem will require a greater degree of complexity than in the past. As part of this effort, greater attention needs to be given to relating and diffusing the results of research and development with planning and operations. The proposed 4-I program of UMTA, as an example, if funded, will be a good technique.

Eight, perhaps it would be advisable to undertake a more detailed analysis of the goods movement industry throughout the United States in order to determine their relative fuel efficiencies, as well as ways in which goods delivery can be more effectively coordinated at local levels. At the present time, the control of goods movement lies beyond the range of the public sector but we believe that the more effective management of these services can have substantial benefits to an overall energy efficient transportation program.

Nine, we would also recommend that a series of studies be undertaken looking at the issue of equity in transportation investments, particularly as it affects low-income people. The building of the Interstate Highway System, along with subsidized housing, made it possible for the middle classes to abandon our cities in the forties, fifties and sixties. This resulted not only in the need to provide expensive and extensive welfare programs, but placed financial burdens on the cities which brought many of them to the brink of bankruptcy.

As we now begin the process of altering our investment strategy and directing our resources to encourage urban development, we are beginning to see the effects of gentrification. We should recognize that a similar displacement could take place in the opposite direction, causing us to sustain the negative social and economic effects which tore into the heart of America during the sixties.

Ten, in addressing this equity question, I think it is necessary to reconsider the consequences of the presently mandated requirement for mass transportation for serving the elderly and handicapped. We have recently calculated, based on introducing a fleet of 270 lift-equipped buses into our statewide system, that given present utilization after 6 months of service, the cost of carrying a wheelchair-bound person is approximately $200 a trip. I think these facts speak both to the issue of equity as well as to efficiency and effectiveness.

In conclusion, I think it is necessary for us to reenvision the role of transportation in the eighties. Congress has the opportunity early in the decade in the process of rewriting the Surface Transportation Act and reframing the impact of the windfall profits tax on mass transit and the Highway Trust Fund on highways to provide this redirection. It is critical, however, in establishing the preeminence of transportation investments in influencing social and economic development to recognize that transportation is integrated with so many other developments that if transportation is to have beneficial impacts which we desire, it must be directed simultaneously with these other social and economic forces. I think the future will make greater demands on our intelligence and on our sensitivities. This, I think, is the new American Frontier where the vitality of the American spirit can be renewed and reaffirmed.

Mr. MINETA. Mr. Commissioner, that is a very fine statement. I am impressed not only because of your own transportation background, but it was spoken like a good mayor.

Mr. POWER. I think I have more of a background as a mayor, Mr. Chairman, than I do as a transportation expert. [Laughter.]

Mr. MINETA. But, nevertheless, that becomes a very loud and clear statement because of your own background and experience.

You talk about the need for a much greater degree of flexibility and interchangeability in the categorical programs. I am wondering what kind of flexibility and interchangeability you are referring to.

Mr. **Bradley**. Excuse me for jumping on this one. What we were concerned about there is that, for example, in the Federal highway program there are considerable opportunities to use those moneys for purposes of ridesharing. In the capital grant program of UMTA, there are very often limitations; those funds must go simply for capital facilities.

Right now, in the State of Connecticut we feel, that operating assistance is something that is more important to us. And if there was greater flexibility at a given time, we could shift and allocate those funds for given needs during that year.

But right now, we are almost committed, as a result of the way the programs are set up, to either build more highways or put more capital equipment out rather than redirecting them at the given moment to what the specific need might be.

Mr. **Mineta**. The Greater Bridgeport Transit District has been described by earlier witnesses as a very advanced model of how to integrate various transportation providers and the needs of various groups. And I am wondering if you could describe what is being done in Bridgeport.

Mr. **Powers**. I would be delighted to do that, but Rich Bradley, when I brought him on as deputy commissioner, was the executive director of the Bridgeport Transit District. So I think he would be the appropriate person to discuss this one.

Mr. **Bradley**. There are essentially, I think, four steps to the program now being planned and implemented in Bridgeport. The first was to begin by revitalizing the transit services. We recognized some of the labor implications that are part of the 13(c) process. It took negotiation with labor to allow, in the development of services, the freedom to expand a vastly included paratransit system.

The second level consists of complementary paratransit services, including the use of a shared-ride taxi system which would not only, meet the needs in term of expanded taxi markets, but could be used as feeder service during the off peak for buses, and be used for starting new service in low-density areas until such time as demand built up. Then the larger buses could be put into operation. Part of that, also was using paratransit for circulation services within neighborhoods, low-income neighborhoods, to feed people not only to the buslines but to feed them to their neighborhood services, recognizing that, often, they have to walk 5 or 10 blocks to get to those services.

The third element of the program was to integrate many of these services as service investments into the economic development framework of the community, recognizing that all transportation is an investment tool. You do not simply need a separate categorical program for that purpose, but you can look at the impact of your buses coming into the downtown as bringing people to the downtown and stimulating, perhaps, additional mobility to affect increases in retail sales which you hope, in turn, would also generate more ridership into the downtown.

The last aspect of it was simply to look at the entire development process of all transportation services, not only the private automobile, but also Amtrak and commuter rail, to develop a coordinating mechanism which will bring together all of the people who interact in those various processes to determine how they can be most effectively related and integrated.

Mr. MINETA. Mr. Bradley, as far as bringing them all together, that started roughly how long ago?

Mr. BRADLEY. Well, the application to do that, I think, was put in about a year and a half ago. Some planning studies were done. UMTA recently funded the capital grant program to purchase the new buses. I guess it was about a year ago, and the new buses are in service. About 4 months ago it funded the demonstration program which would create the integrating activity.

I am very troubled by the word "brokerage" which UMTA uses a great deal. I think it does not make sense. I think we really are talking about management processes and, therefore, words like an "integrated management committee" would make more sense. But that process is now being put into place and I think will be active within the next 6 months or so. And the consequences should probably be forthcoming, within a year's time.

Mr. MINETA. Was this done under TSM?

Mr. BRADLEY. Well, the name of the demonstration application was called Transportation System Management Brokerage. We were trying to overlap two areas, arguing that much of what is in transportation system management had never been carried out. And as Mr. Orski has said in some testimony, this is not a planning technique, it is a management technique. But we picked the term out of planning, on one side, and the the word "brokerage" was a word that was coming out of the service side. And that was, how do you make new services happen.

So the notion was to bring the planning of transportation elements together with the implementation of new services. So this is the reason for the term, and it obviously does include transportation system management.

Mr. MINETA. When you mentioned paratransit, does that include some sort of dial-a-ride service providing feeder service into your mainline system? Is that a dial-a-ride, demand-response system?

Mr. BRADLEY. I would call it demand-responsive. I think a number of us have long taken the position that the taxi industry is the most effective mechanism of providing so-called dial-a-ride services. They can do it with labor costs that are much lower. And, therefore, we would look to the taxi industry to provide that service.

The first level of it is simply to take the premium ride taxi service and you make it shared ride to make it more efficient. But then you allow, for example, for purposes of elderly and handicapped service, instead of people using the lift-equipped buses, what probably makes more sense is for them to access a public service such as a taxi system which is not separate but equal. It is totally open to everybody, and they can call it. And, therefore, the vehicle comes and picks them up.

Likewise, if it is a feeder service for a busline in this more diffused area, they can call and pick that up. So the word dial-a-ride is a more general term. In Bridgeport we envisioned all of those different functions being undertaken through a contract with the taxi operator, rather than the public authority doing it, but it would be supported by the public authority.

Mr. MINETA. And what kind of problems did you have in negotiating with those 13(c) groups in promoting the paratransit service?

Mr. BRADLEY. Well, the problem is that the unions would argue that their jobs could be jeopardized if markets developed sufficiently that you would replace conventional transit. We were able to take the position, at least in Bridgeport, that the system would be expanding and, therefore, there would be no loss of jobs. And we have reached some agreement. And it was really based on a virtual productivity number; that if a route began to generate a certain number of passengers, like 10 passengers an hour, at that time that position would become part of the bargaining unit. We had to agree to let them ultimately have part of that development.

If we had not reached that agreement with them, they would have blocked the project. But it was an agreement which allowed us at least to start a project using either a nonunion person or a union person paid at a lower wage in order to expand the service. And we were arguing with them, at least let us try to expand because ultimately, if it became a route that could be sustained as a mass transit route, they would then have created a new position. But it did require quite a bit of negotiation to achieve that.

Mr. MINETA. The thrust of these hearings has really been on the ability of transit properties to be able to respond to any kind of serious energy shortfall. And how do we make sure that we are going to be able to assure the mobility of Americans in any kind of an energy shortfall? I am wondering what three or four priorities you would recommend to, say, get us through a 6- or 8- or 10-month period where the energy shortfall becomes very serious.

Mr. POWERS. Well, we are big on ridesharing in Connecticut right now. And we have noticed a tremendous increase in the ability to provide ridesharing. The State itself has provided computerized service to match up individuals for ridesharing. And we are working, also, with private industry, as you have been advised. We have had great success getting the private sector involved in vanpooling. We have several vans that the State owns, but we now have a new philosophy where we are trying to encourage local industry to buy the vans rather than our obtaining other funds.

We are also promoting flextime. In our own department of transportation, we are trying to develop a flextime program to get employees to drive in on the shoulder of the peaks rather than during the peak hours.

In the event of a severe shortage of gasoline, we have a plan to utilize school buses, but this is one which we realize would be temporary because there could be some conflict unless the shortage took place just during the summer months when the youngsters were not in school. This would be in an emergency situation.

Of course, in developing the ridesharing and trying to encourage people to utilize mass transit, we have developed commuter lots. And I think this morning Mr. Downs said 123 lots. We are up to about 140 now. And we have, as top priority, many more in the works. So we are able not only to get people moving around in the cities, but we are encouraging those who live on the outskirts and in the suburbs to utilize mass transit by driving into the commuter lots and then taking advantage of the mass transit system.

Mr. **Mineta.** When we were out in California holding earlier hearings, the director of the State of California Department of Transportation made a very strong appeal for more Federal spending for rail transportation as one of the most cost-effective ways of moving people. I also noticed, when Amtrak had a transportation day here at the Union Station, that Budd had one of their vehicles on display. They said the State of Connecticut had purchased the SPV, the Budd SPV. I would imagine you would then concur with the statement of the director of the Department of Transportation in California. And I am wondering how this works as far as what you are doing in Connecticut?

Mr. **Powers.** You know, I am sorry, Mr. Chairman. The basic question was what the——

Mr. **Mineta.** Well, the emphasis was on rail transportation. She was appealing for more Federal spending for rail transportation as a cost-effective way of transporting people. And I assume that you must agree with that since the State of Connecticut had purchased the SPV's.

Mr. **Powers.** Yes, but, you know, it is like, when did you stop beating your wife. We feel that the rail is very important and we must rehabilitate and get more people going by rail, but we feel that the other modes are very compatible. We do not see it as a competitive situation. There are certain areas of the State where rail, I think, will be most effective. There are other areas where we feel that ridesharing, the buses, the high occupancy vehicle lanes will do equally as well as the train.

The interesting thing is that, in looking over this BTU chart, the efficiency of buses seems to be much greater than trains, and with the exception of breakdowns of buses in snowstorms and traffic snarls, we feel the efficiency and the convenience is greater for buses.

But today, of course, trains seem to be the glamorous way to go. People are talking trains, and we feel that we have a great potential in Connecticut for the use of trains. We have got a rail spine of the State going right up from New Haven through Hartford and into Springfield. This is the area that we will be using the SPV's primarily.

But we do not see a competitive situation with trains, between trains and the other modes.

Mr. **Mineta.** How many SPV's did you purchase?

Mr. **Powers.** We are purchasing 13, and they should be on line within the next few months, 12 on that Hartford-Springfield line and one on the Danbury line.

Mr. **Mineta.** Thank you.

Mr. Clinger?

Mr. **Clinger.** Thank you, Mr. Chairman.

I would like to echo the chairman's comments on the excellence of your statement, Mr. Powers, and thank you, Mr. Bradley, for your very candid responses to questions. I think you have covered the territory very well. I just have a couple of follow-on questions.

The plan that you have presented calls for doubling the capacity of your existing mass transit system. I am wondering, how will Connecticut plan to meet the increased operating and maintenance expenses that would be involved in doubling your system?

Mr. POWERS. I was hoping you would not ask that. That is the basic challenge, I think, that we have before us. We are in the process right now of increasing rates on the buses, and we are working with MTA on an increase because we share the costs with New York on the rail service on the New Haven line.

It is going to be most difficult, I think, for us to come up with this kind of money, and that is why, of course, we have been working very hard with the Federal people and through APTA and UMTA to encourage more Federal funding and even the possibility of operating expenses coming out of windfall profits.

We recognize that this is a difficult battle for all of us, but the operating deficits are something that I think we are going to have to face. In Connecticut, the transit districts paid very little. The local taxpayers paid very little.

In Hartford, the local taxpayer pays nothing for the operational costs, and we have kind of an ironic situation now where we are asking for a fare increases and the city of Hartford's position is that we should not increase it after 8 years. We should be reducing the fares.

And it seems somewhat ironic when you consider that the city itself is not contributing one penny to the mass transit system. So I think we are going to have to look into a program now of persuading the communities, and I think there is a sentiment for it, for paying a part of the operational costs through a gasoline tax or whatever type of taxation the community wishes to adopt.

So there is going to have to be a local participation. If we could get some kind of a guarantee from the Federal Government, like the 25 percent, I think would put us in a position where we could know where we were going.

And of course, the State, at the same time, is going to have to increase its contribution. I think that is the only way that we can satisfy the increased costs of operation. At the same time, we hope through public relations, through a public relations program, because of the high cost of gasoline and the increasing cost and the unavailability of gasoline that we will have an increased ridership which would help support the modes.

Mr. BRADLEY. If I could add just one other comment, I think that to the extent to which we can begin to link public transportation investment with the other development forces taking place in cities, I think we are going to find a greater recognition on the part of cities to assume more of the burden.

We have noted in Stamford, Conn., for example, which is undergoing vast revitalization right now, that for the first time they seriously want to begin to assume control of transit because they can see it is a way of dealing with their development problems.

So again, we look for this linkage of transit with economic development as creating new, if you like, financing resources, and therefore, I think, the cities will see this as less of a burden and therefore contribute more funds to it.

Mr. Clinger. Do they see this as being a very real part of their whole redevelopment of downtown areas?

Mr. Bradley. Right, whereas in the past I think they saw it as just one of the service that they wanted to push off on to the State.

Mr. Powers. Yes. We have even found that by dealing now with other State agencies, we find a much more cooperative effort coming from economic development and in the other areas where they want to work together with the Department of Transportation to build around the major transportation area, the railroads particularly.

Stamford is a typical example. We have New London, where we have multimodal transportation centers and develop around those centers. As I indicated before, this encourages much greater use of mass transit, and, at the same time, it has the positive effect of revitalizing the cities and getting people back into the cities, saving energy, and improving the quality of air.

Mr. Clinger. But at the moment, the local municipalities really contribute nothing to your system?

Mr. Powers. We figure about 1 percent of the total system, and that comes from some of the transit districts. It does not come from the cities themselves.

Mr. Clinger. In the event that you do double the capacity of the present system, have you calculated or can you make any estimate of what the fuel savings might be with such a system?

Mr. Powers. Well, I cannot give you that figure. I do know, and I have said it many times in Connecticut, and it was mentioned today by Mr. Downs, when he talked about going from, I think, 1.2 persons to a car to two.

If we could through ridesharing go from 1.2 to 1.5 persons per car, we could save 170,000 gallons of gasoline a day.

Mr. Clinger. That is on ridesharing?

Mr. Powers. Yes, on ridesharing. What I am trying to show is that with the reduced number of people using the automobile, it only requires a very small percentage of the people to switch to mass transit to save a very large amount of gasoline.

Mr. Clinger. Is it not a lot more economically feasible to put the emphasis on the ridesharing rather than on the doubling of the mass transit?

Mr. Powers. I think right now the answer is "Yes," because you have got a vehicle that is in place and it costs us nothing. Even in vanpooling where we obtain the vans, at least we know that after we put up the front money we are going to get it all back. This is important when you consider, as Lillian Liburdi indicated this morning, that there would only be about 2,800 buses manufactured in the year 1980. And, I think it was as a reply to your question, she indicated next year perhaps 4,500 new buses would be built.

So we obviously need to utilize all of the modes we have in place at this time, recognizing that even if we put up the money for the new capital equipment, it will not become available in the near future.

So I cannot argue with your premise that using ridesharing and the existing modes would be a much cheaper operation and a very efficient one. But we still maintain there is a necessity for a combination.

Mr. **Clinger**. That is what I was getting at. In other words, you feel that even going as far as you can reasonably be expected to go in fostering and promoting a ridesharing program, you will still need to double the capacity?

Mr. **Powers**. Yes, you still have to understand we have got the DEP breathing down our necks, and we have the SIP programs, and the constant concerns for improving the quality of air and the other pollution things. Consequently, we feel that a combination of both would be the ideal solution.

Mr. **Bradley**. In the southwest portion of the State, where we are experiencing tremendous amounts of development, both Interstate 95 and the Merritt Parkway are at peak capacity.

Stamford expects to have 18,000 new jobs in the next 5 years. There is no additional capacity seen. Ridesharing will make some impact, but we do have a four-rail line corridor running right through there, and that is the area we see tremendous opportunity for development, where there are existing facilities in place. Take advantage of that.

And our hope is to convert that to a rapid rail system besides being a long-distance commuter system to New York and an intercity service. But that conversion costs a great deal.

Additionally, in other cities where we see this development taking place, it makes sense to concentrate transit to work effectively in the cities, keeping cars on the outside. Keep the city free for transit. That is where we see our major transit investment. That will give us, I think, a doubling for transit in the mode split.

The car, we believe, is where the greatest gains will come. But it is not an either/or choice.

Mr. **Clinger**. Thank you very much, Mr. Chairman.

Thank you, Mr. Powers and Mr. Bradley.

Mr. **Mineta**. I was just struck by that statement, Mr. Bradley, when you said in 4 years 18,000 new jobs.

Mr. **Bradley**. In Stamford. It is incredible how that city is growing, primarily with corporate headquarters. It is amazing.

Mr. **Mineta**. If I could relate what is happening in Santa Clara County. There were 40,000 new jobs created in 1979. Our road system is filled up, and unfortunately, we do not have a four-track rail running by us. And it is a horrendous problem.

Mr. **Powers**. But we do not see the competition. I think it was brought up before. I think you questioned Mr. Downs before on that. We have certain areas where, you know, the two have to go hand-in-hand because one cannot handle it nor can the other.

Mr. **Mineta**. You mentioned DEP and SIP. What are they?

Mr. **Powers**. Department of Environmental Protection, EPA down here, DEP at home.

Mr. **Mineta**. And what is the SIP?

Mr. **Powers**. State Implementation Plan, which is actually the requirements that are being put on transportation with respect to improving the quality of air.

Mr. **Mineta**. Thank you.

Mr. Fary?

Mr. **Fary**. Thank you, Mr. Chairman.

Commissioner Powers, how would you characterize the number of Federal categorical grant programs for transportation, too few, too many or about right?

Mr. POWERS. I am going to let my expert, Mr. Bradley, answer that.

Mr. FARY. Proceed, Mr. Deputy.

Mr. BRADLEY. OK. I would say at the moment the major problem isn't so much the programs coming out of DOT, but it is the programs coming through the other agencies that make it very difficult for us.

For example, there are numerous programs from HEW. There are even programs in Agriculture that go beyond the scope of our Department, and we find ourselves very much in conflict with their programs. They are often putting out money that support one form of transportation in conflict with another from of transportation.

So I would say that within the Department of Transportation itself it is not so much the problem. It is the other agencies.

The second area where I think is the real problem is the fact that from a programmatic point of view objectives are laid upon our Department in areas of energy or air quality that are, again, outside the Department of Transportation. These are the areas where I think we find the greatest conflicts.

Mr. FARY. In your opinion, does categorization tend to waste funds, because there is often the situation where a State must spend them or lose them?

Mr. BRADLEY. Yes, we often feel that this is the case. Because the moneys are available, they should be spent for that purpose. I think we were alluding to this before. As I said, right now we have a tremendous need for operating expense. There is no way for us to get it, but if we have money become available, say, through the windfall profits tax program, and it is set up as a capital program to put more vehicles on the road, it won't help us if what we really need is operating assistance. In fact, what we may need is to have money to expand a ridesharing program rather than going out and buying more buses and trains.

So I think at times a categorical program can be incentive to undertake a project that is counterproductive.

Mr. POWERS. Even in turnback funds, we have over $300 million just in the greater Hartford area. They can use some of that money for capital purchases for buses and so on, but they can use none of it for operationing expense. I do not think we will ever see the day that that $300 million is spent, and it could be utilized very effectively for operating expenses.

Mr. MINETA. Would the gentleman yield for just one moment?

Mr. FARY. Proceed, Mr. Chairman.

Mr. MINETA. What is turnback funds?

Mr. POWERS. It is when you have money that has been allocated to you for a highway project, for example, and because of one reason or another, the highway project is scrapped. You are still eligible for that money, but it sits in the trust fund drawing interest.

In Hartford they have able to pile up those funds. They figure they are going to total $500 million before long. There were some major highways that they decided against constructing.

Mr. MINETA. Can you not move some of those Federal aid urban system funds laterally, so to speak, for transportation purposes other than building that ribbon on concrete?

Mr. POWERS. Well, they can use it for mass transit purposes, but not in the operational area. They have worked very hard trying to figure out ways they can get it into operations and, of course, they cannot do it.

Mr. MINETA. Because they do not have the moneys for the operation itself?

Mr. POWERS. It is just not allowed. Turnback funds are not allowed to be used for operations. It is just for capital.

Mr. MINETA. Is another problem that you do not have the local share to pick up on the 50-50 from the operating program?

Mr. BRADLEY. I do not think that is so much the problem of picking up the matching share on the operating systems.

Mr. POWERS. No, it is not a matching problem.

Mr. BRADLEY. It is just that we can get money for capital. Because there is that much money available, a lot of people are proposing some major kind of rail project, which we think is inappropriate.

We are saying, "Well, gee, even if we put it into rail, the operating expenses would be so great." So this is the situation we were talking about before of a categorical program. Even if you shift from highways to mass transit, you still may be, in effect, be committing yourself to something which you cannot finance in the future.

Mr. POWERS. I might say one thing, Mr. Congressman, that we find the problem at home with the individuals who want to build rail at any cost. They just do not recognize the marketability or the potential. They just see a rail going from this point to another or rehabilitating a rail line that their father used to ride on, or that they rode on when they were youngsters.

And people try to tar us with a brush of being anti-mass-transit because we just do not feel that we can spend that money for a project which will not have a marketability, which would provide a fair share of the cost at the ticket office or at the fare box.

Mr. MINETA. Well, do not worry. I have a branch of that same society in my area. Thank you very much, Mr. Fary, for yielding.

Mr. FARY. How would you feel about a special category, a special block allotment for TSM type projects?

Mr. POWERS. We would support that. We would be very supportive of it. We feel this is an area where we need some real expertise, and obviously we would need some money to support it.

Mr. FARY. Do you have any idea how much money the State of Connecticut has spent for so-called TSM projects? What percent are they of your annual highway and public transportation budgets?

Mr. POWERS. I do not have that, but we can certainly get it for you.

Mr. FARY. What do you consider to be the highest payoff TSM projects? Or is there any way to measure?

Mr. POWERS. Right now, we would have to say ridesharing, and high occupancy vehicle lanes. I was very impressed with the figure on Shirley Highway, where 25 percent of the cars carry 64 percent of the passengers. I see tremendous potential there. And we can go into signalization. There are many areas, I think, where we can really benefit in TSM. And ridesharing is certainly the most important one now that I can think of.

We have had great success with that in Connecticut, and it is just in its infancy. We are really just getting with it. We are getting local industry and corporate people, employers, who are becoming very much interested in it. So I think a lot of it will be done without our assistance in the months ahead.

Mr. **Fary**. Thank you very much, gentlemen. I yield back to the chairman.

Mr. **Mineta**. Thank you, Mr. Fary.

You must mentioned ridesharing. What about the institutional barriers to ridesharing—insurance, workmen's comp, regulatory requirements, anything else that might be institutional barriers.

Mr. **Powers**. The legislature is working now on the barriers with respect to insurance and so on. One of the areas that we are working on now is the "three for free" thing, whereby they can go through toll booths without paying. I think this is relatively common throughout the country. I do not see any real institutional barriers. Do you?

Mr. **Bradley**. I was just going to add that I think there is more myth than reality to some of the "institutional barriers." We have put together, under the Governor's leadership, a ridesharing task force which brought together people from the public and private sectors, including representatives of the insurance industry and representatives of the motor vehicle bureau. And when you bring groups together like that, I think particularly under the Governor's leadership and with her commitment, a lot of those institutional barriers quickly fall apart.

There often are turf issues. We have created a new license in the State. It is a vanpool license. It is insured differently. There are some tax benefits, State tax benefits.

The one barrier I would mention that is perhaps one of the biggest institutional ones is the attitude that conventional transit people have about vanpooling and carpooling. We do not see that in any way competitive.

An example that I like to use is the fact that some of our commuter buses, coming in from several miles outside of Hartford, are running at 130 percent capacity. And the insurance companies which have undertaken major ridesharing efforts are not allowing their staff people to get into vans if they are competitive with our buses. And my argument to them when I recently discovered it was "please do it." Please put those vans out there. It will, one, reduce our peak-hour capacity.

Also, it has energy efficiencies as great as what we can do in mass transit. So I think a great deal of it is more attitudal than institutional, and I think the best way to break that down is through getting those groups together in the States.

I would add as a footnote here that the critical variable that we find is a private-public partnership, that the notion of using the private sector more and more to help plan collective transportation resources seems to have a way of resolving issues a lot faster than if we from the public sector try to overwhelm people with either regulation or compel them. If we problem solve with them, we have been able to come up with the solutions.

Mr. POWERS. The Traveler's Insurance Co., right in the center of Hartford, has used all kinds of incentive programs to promote ridesharing. They give preferential parking, and at the same time, they buy monthly bus tickets and sell them to the employees at a reduced rate. So they are working both angles. They are working the buses and they are working the ridesharing.

And I think Traveler's is probably as successful as any company in the country in promoting this, and it is a very good effort.

Mr. MINETA. The population of your State is what?

Mr. POWERS. About 3 million.

Mr. MINETA. And what land mass area does that represent?

Mr. POWERS. I would say north-south about 70 miles and east-west 110 to 130 miles across. It is not a big State.

Mr. MINETA. And each of these properties, like Bridgeport, New Haven, Hartford, are they entities unto themselves as far as operating transit districts?

Mr. POWERS. No. We have the Connecticut Transit District which the State runs.

Mr. MINETA. Statewide?

Mr. POWERS. No. It is just in Hartford, New Haven, and Stamford. Then you have the Greater Bridgeport Transit District and you have others spread throughout the State. But the largest one, of course, is Connecticut Transit, which the State of Connecticut took over primarily to save the buses. This was about 5 or 6 years ago.

Mr. MINETA. And they operate in Hartford, New Haven, and Stamford?

Mr. POWERS. Yes. That is where we just put on the new fleet of 280 buses.

Mr. MINETA. Now, do you procure buses then for all of the transit districts or just for those three?

Mr. POWERS. Just for those three.

Mr. MINETA. So it is not a statewide system?

Mr. POWERS. We do have control over the rate structure in all of the transit districts. The State influence is there, so we do work very closely with the transit districts, particularly in the fare structures. What else, Rich?

Mr. BRADLEY. Well, we are looking to get involved in joint procurement. But to answer your concern, it is not a State system. The individual transit district legislation, we think, is model legislation, and to the extent to which transit can be managed locally, I think we find that more satisfactory.

In fact, I think we have a policy now, if we can, as in the case of Stamford, and we hope in New Haven and Hartford, as they develop the management capability, to turn the services over to them. We do not think it is the function of a State to be directly managing it, but the State has assumed the responsibility.

Mr. MINETA. What about areas like, let us say, Windham or Tolland? What kind of transportation services would there be there?

Mr. POWERS. That is a very lightly populated area. One of the things that we are getting them involved in is moving into commuter lots and picking them up by buses.

But this is one of the difficult areas to provide public transportation for because the ridership just is not there.

Mr. BRADLEY. Those are areas served by some funds that recently became available through the section 18 rural program. We think the rural program is an outstanding one.

The Federal dollars for the State of Connecticut were $850,000, and our first position was to try to discourage those people from using that money for capital purposes. When a small bus costs $70,000, it is not going to do very much statewide.

So we have moved them in the direction of what you might call TSM-related-type things; that is, encourage them to use it to pay money for a broker, someone who would help set up ridesharing programs, to use it for a so-called user side subsidy; that is, give people money to use taxi services.

But rather than going capital intensive, we want to try to get them to collectivize the vehicles they presently have. But as I said, the rural program nationwide is only $50 million spread over the entire country. We do think there is some opportunity for collective transportation, not mass transportation, but collective transportation, and that is how we are committing our funds in those areas.

Mr. MINETA. And in those instances are you contracting with the private sector to do that providing of the service?

Mr. BRADLEY. That is correct. Basically, we are asking the regions to come together in those areas to propose ideas to us. If we tried to apportion that money to the 140 rural towns, there would be a very small amount for each one.

So we have asked regions to come together and, in turn, we will make the money available to them. Then they can contract with the private authority.

Mr. MINETA. Well, Commissioner Powers and Mr. Bradley, let me thank you very, very much for your very fine testimony. I liked that strong city linkage which you spoke about and the investment strategy. It is something so important that we try to maximize the bang for the dollar spent. Your background as a mayor is very, very evident in the program that you are putting together there in Connecticut.

Mr. POWERS. Thank you.

Mr. MINETA. We would also like to thank you for your patience for this late hour.

Mr. POWERS. Let me just say, Mr. Chairman, that it is no problem. We enjoyed listening to the speakers before us, and that gave us an opportunity to learn a little, too. So we appreciate the opportunity of being able to be here today.

Mr. MINETA. As we end these hearings, the subcommittee and the Congress of which it is a part are confronted with a sobering reality

Things really are changing in America, and a pace that we have not anticipated. There are no exciting breakthroughs in the offing, no silver bullets or magical potions to rescue us from the reality of having to make some adjustments in how we are to achieve mobility in the months and years ahead.

But we need not be pessimistic. There are tremendous resources at our disposal and a tremendous transportation and institutional infrastructure upon which to build. It is oriented heavily in one direction, toward the automobile, and that makes the task especially challenging.

Slowly but surely, the problem is being clearly identified, and that in itself is progress. A year ago, a majority of Americans, and I fear, a majority of Congressmen still did not recognize the legitimacy of the energy crisis.

What can we do? What have we learned from the excellent testimony we heard yesterday and today, as well as the testimony received earlier in Georgia and California?

I would offer the following conclusions:

One, more than one witness used the very same phrase that the job before us is not just to manage transportation demand, but to manage supply as well. We can no longer simply build our way out of trouble. In their quest for mobility, Americans must face up to the fact that it will not always be provided in the preferred way, which, simply put, is the splendid isolation of the private vehicle, powered by cheap gas. Many alternatives have been described—expanded transit operations, ridesharing, staggering work hours, flextime—that can help us on the demand size of the equation. They must be pursued.

Two, it is obvious that there must be more flexibility in the responses available at the local level. That translates into more flexibility in Federal transportation programs and less rigid categorization. Communities need resources to deal with transportation as it relates to land use and development. This is a job for the Congress, as well as State and local governments.

Three, the Department of Transportation must formalize a paratransit policy. We have waited long enough and the situation has continued to deteriorate. There must be more aggressive promotion of TSM projects, more aggressive advocacy of ridesharing as the strategy capable of delivering the greatest benefits over the short term, and more attention in both UMTA and FHWA toward low capital or no capital options. Naturally, there are tradeoffs. The chairman is not unmindful of the very substantial, major, legitimate needs that exist in conventional transit. A given amount of money can only go so far. That is whey there must be a greater effort to identify, and fund, those projects and activities with the highest potential payoff—both short range and long range. And saving energy should become the major element of measurement.

Four, we need better information about where energy and environmental and mobility benefits are to be attained. Intuition and good intentions are not enough. Tradeoffs must be considered so that net energy benefits can be derived, recognizing that we are mixing behavioral and scientific factors and, inevitably, we will come down to value judgments. But let's base them on facts as best we can, not well-intentioned guesswork.

Five, I believe it is apparent that we must be willing to chart a course and stick to it with diligence, imagination, and perseverance. Responsibility must be shared by the public and private sectors, acting in concert and in a spirit of cooperation.

I am directing the staff to continue its efforts in this general area. More hearings will be held, although the timetable remains uncertain.

To all the witnesses who testified today, as well as in the earlier hearings, my sincere thanks. You have helped us compile an excellent record for the important deliberations that face our full committee.

The record will remain open so that if there are additional statements to be offered by witnesses, as well as others who are interested, they will have the opportunity to do so.

[Whereupon, at 4:05 p.m., the subcommittee adjourned subject to the call of the Chair.]

APPENDIX

NATIONAL COOPERATIVE HIGHWAY RESEARCH PROGRAM
SYNTHESIS OF HIGHWAY PRACTICE 43

ENERGY EFFECTS, EFFICIENCIES, AND PROSPECTS FOR VARIOUS MODES OF TRANSPORTATION

RESEARCH SPONSORED BY THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS IN COOPERATION WITH THE FEDERAL HIGHWAY ADMINISTRATION

AREAS OF INTEREST:
- TRANSPORTATION ADMINISTRATION
- TRANSPORTATION ECONOMICS
- URBAN TRANSPORTATION ADMINISTRATION
- URBAN TRANSPORTATION SYSTEMS
- RAIL TRANSPORT
- AIR TRANSPORT
- WATER TRANSPORT

TRANSPORTATION RESEARCH BOARD
NATIONAL RESEARCH COUNCIL
WASHINGTON, D.C. 1977

TABLE 40

CONSERVATION MEASURE EVALUATION MATRIX (4)

[illegible]

U. S. DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

SUBJECT	Federal Share Payable on Traffic Control Signalization Projects	**FHWA NOTICE** N 5160.29 December 15, 1978

EXPIRATION DATE: October 1, 1979

1. PURPOSE. To provide information and describe possible actions relative to traffic control signalization and Section 120(d) of Title 23, United States Code, as revised by Sections 117 and 129 of the Surface Transportation Assistance Act of 1978.

2. BACKGROUND

   a. Section 120(d) has been revised to provide a funding ratio of up to 100 percent of the cost of construction of traffic control signalization projects in addition to the already provided provision for 100 percent funding of projects for the elimination of hazards at railroad-highway crossings. Funding at this ratio for these two types of projects is subject to a 10 per centum limitation of the sums apportioned for all of a State's Federal-aid systems for any fiscal year in accordance with Section 104. The 100 percent ratio is not applicable to right-of-way and property damage costs.

   b. Section 120(d) enables the 100 percent funding ratio for traffic control signalization projects which facilitate and control traffic flow by construction rehabilitation or reconstruction. Projects may include traffic signal displays, controls, and/or systems.

   c. The changes in Section 120(d) enacted with the 1978 Act demonstrate concern for safety, capacity, energy and environmental waste inherent in the inefficient operation of many traffic signals in the United States. Improved traffic signalization is commensurate with Title 23, Section 135 that it is in the national interest ". . . that each State shall have a continuing program designed to reduce traffic congestion and facilitate the flow of traffic." Improved traffic signalization is also

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commensurate with various national goals, Transportation Systems Management and specifically with FHWA Program Emphasis Area II for FY 1979.

3. APPLICATION OF EXISTING PROCEDURES AND OBJECTIVES

a. Regular Federal-aid procedures are applicable to traffic control signalization projects.

b. Project reporting procedures prescribed by Volume 22, Chapter V of the Administrative Manual for the submission of Forms PR-37 are applicable. The appropriation codes currently prescribed for PR-37 reporting of rail-highway crossing projects chargeable to the 10 percent limitation provided under 23 U.S.C. 120(d) should also be used to report obligations of traffic control signalization projects chargeable to the 10 percent rail-highway crossing and traffic signalization project limitation provided by 23 U.S.C. 120(d) as amended by the Federal-Aid Highway Act of 1978. The codes are provided in Volume 23, Chapter VI E of the Administrative Manual.

c. The new technology requirement and demonstration objectives of the Traffic Control Signalization Demonstration Program are not applicable. However, the requirements remain that projects already utilizing the Demonstration funds be successfully completed and evaluated at an early date. This is required to meet the requirements of prior legislation and to provide needed information on the costs and effectiveness of various types of signal systems.

4. TRAFFIC CONTROL SIGNALIZATION PROBLEMS AND SUGGESTED PROJECTS

a. A number of systems already include adequate intersection control, communications, master control hardware, and in the case of computerized systems, software. However, many of these are operated at less than an optimal level. Projects to develop and install new timing plans can achieve significant benefits.

b. A number of pretimed signal installations do not include required communications and master control elements to achieve coordination and time-of-day selection of timing plans. Projects to provide missing communications elements, simple master control and timing plans can achieve significant improvements.

c. The full potential of new technology is not being utilized in the achievement of improved traffic signal control. Arterial and network system projects to utilize new technology can often effect improved traffic flow.

d. Intersections controlled by actuated or semi-actuated controllers frequently operate at considerably less than the level which can be theoretically achieved by this equipment. Optimizing performance at such locations would require finer tuning than is practicably achievable because of reliability problems and maintenance restraints. Installation of modern control and detection equipment will increase reliability, reduce maintenance requirements, permit sharper operation and thereby result in a considerable reduction in stops and delays.

e. A number of signal installations in the United States still do not meet the visibility and operational requirements of the Manual on Uniform Traffic Control Devices. The upgrading of such installations and selective improvement of visibility features at other problem locations will result in significant accident reductions.

f. Many traffic signal installations in close proximity to railroad grade crossing signals are not interconnected. Interconnection of these signals can in many instances increase highway safety and improve traffic flow during periods when the railroad signals are activated.

5. SOME POSSIBLE MEASURES TO ENCOURAGE AND IMPROVE TRAFFIC CONTROL SIGNALIZATION

a. Development of timing plans for cities by State or consultant forces. Implementation might be on a standardized force account format.

b. Development of standardized design and specifications during the preliminary engineering and design work for signal projects.

c. Conduct of traffic signal studies in individual cities under a State contract. Such studies would be a part of the implementation process and it is expected there will be early project programming and development based on the study.

d. The packaging of similar work type projects is encouraged so that most of the technical issues and procedural requirements are handled at the State and division office level. For example, a program to upgrade signal displays to meet current Manual on Uniform Traffic Control Devices standards might inventory local installations via a statewide consultant contract. Construction project plans, specifications and estimates (PS&E) could be based on a limited catalog of standard display layouts. Locals participating in such programs would not have to concern themselves with individual consultant agreements and with certain State and Federal procedural requirements. Work by local entities to provide existing intersection layouts, locate utilities, provide construction engineering, etc., might be compensated on a force account basis with recordkeeping on a standardized statewide format. Task forces involving local traffic engineers and representatives of professional engineering groups as well as State and FHWA personnel may be helpful in developing processes and procedures for minimizing red tape while still making efficient and effective use of public funds.

6. ACTION. Achievement of improved signalization in the United States will require implementation of a number of low cost projects as well as of higher cost projects. FHWA field offices are requested to encourage and assist in the utilization of simplified Federal and State procedures and streamlined processes to make use of the Federal-aid highway funds attractive for low as well as high cost traffic control signalization projects.

John S. Hassell Jr.

John S. Hassell, Jr.
Deputy Federal Highway
Administrator

U.S. DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

SUBJECT *

FEDERAL SHARE PAYABLE ON TRAFFIC CONTROL SIGNALIZATION PROJECTS

FHWA TECHNICAL ADVISORY

T 5160.1
January 14, 1980

1. PURPOSE. To provide a permanent source of information and describe possible actions relative to traffic control signalization and Section 120(d) of Title 23, United States Code, as revised by Sections 117 and 129 of the Surface Transportation Assistance Act of 1978.

2. BACKGROUND

   a. Section 120(d) has been revised to provide a funding ratio of up to 100 percent of the cost of construction of traffic control signalization projects in addition to the already provided provision for 100 percent funding of projects for the elimination of hazards at railroad-highway crossings. Funding at this ratio for these two types of projects is subject to a 10 per centum limitation of the sums apportioned for all of a State's Federal-aid systems for any fiscal year in accordance with Section 104. The 100 percent ratio is not applicable to right-of-way and property damage costs.

   b. Section 120(d) enables the 100 percent funding ratio for traffic control signalization projects which facilitate and control traffic flow by construction rehabilitation or reconstruction. Projects may include traffic signal displays, controls, and/or systems. Other highway traffic signals, except those supplementing signing installations, may be funded at the 100 percent ratio. These are listed in Part IV-E of the Manual on Uniform Traffic Control Devices. These include intersection control beacons, lane use control signals, moveable bridge signals and ramp meter signals. The eligibility includes sub-system elements related to the traffic control signalization such as communications, detectors, local control and central control. Interstate funds are one of the categories of funds that can be used at the 100 percent ratio when the traffic control signalization work otherwise meets the requirements for Interstate funding.

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c. The changes in Section 120(d) enacted with the 1978 Act demonstrate concern for safety, capacity, energy and environmental waste inherent in the inefficient operation of many traffic signals in the United States. Improved traffic signalization is commensurate with Title 23, Section 135 that it is in the national interest ". . . that each State shall have a continuing program designed to reduce traffic congestion and facilitate the flow of traffic." Improved traffic signalization is also commensurate with various national goals, Transportation Systems Management and specifically with Federal Highway Administration (FHWA) and national emphasis of energy conservation and safety.

3. APPLICATION OF EXISTING PROCEDURES AND OBJECTIVES

a. Regular Federal-aid procedures are applicable to traffic control signalization projects.

b. Project reporting procedures prescribed by Volume 22, Chapter V of the Administrative Manual for the submission of Forms PR-37 are applicable. The appropriation codes currently prescribed for PR-37 reporting of rail-highway crossing projects chargeable to the 10 percent limitation provided under 23 U.S.C. 120(d) should also be used to report obligations of traffic control signalization projects chargeable to the 10 percent rail-highway crossing and traffic signalization project limitation provided by 23 U.S.C. 120(d) as amended by the Federal-Aid Highway Act of 1978. The codes are provided in Volume 23, Chapter VI-B of the Administrative Manual.

4. TRAFFIC CONTROL SIGNALIZATION PROBLEMS AND SUGGESTED PROJECTS

a. A number of systems already include adequate intersection control, communications, master control hardware, and in the case of computerized systems, software. However, many of these are operated at less than an optimal level. Projects to develop and install new timing plans can achieve significant benefits.

b. A number of pretimed signal installations do not include required communications and master control elements to achieve coordination and time-of-day selection of timing plans. Projects to provide missing communications elements, simple master control and timing plans can achieve significant improvements.

c. The full potential of new technology is not being utilized in the achievement of improved traffic signal control. Arterial and network system projects to utilize new technology can often effect improved traffic flow.

d. Intersections controlled by actuated or semi-actuated controllers frequently operate at considerably less than the level which can be theoretically achieved by this equipment. Optimizing performance at such locations would require finer tuning than is practicably achievable because of reliability problems and maintenance restraints. Installation of modern control and detection equipment will increase reliability, reduce maintenance requirements, permit sharper operation and thereby result in a considerable reduction in stops and delays.

e. Traffic performance and safety can be greatly improved by installation of surveillance and control systems on freeways. Lower cost alternatives to sophisticated, computer based systems can often provide significant benefits at less cost.

f. A number of signal installations in the United States still do not meet the visibility and operational requirements of the Manual on Uniform Traffic Control Devices. The upgrading of such installations and selective improvement of visibility features at other problem locations will result in significant accident reductions.

g. Many traffic signal installations in close proximity to railroad grade crossing signals are not interconnected. Interconnection of these signals can in many instances increase highway safety and improve traffic flow during periods when the railroad signals are activated.

5. SOME POSSIBLE MEASURES TO ENCOURAGE AND IMPROVE TRAFFIC CONTROL SIGNALIZATION

a. Development of timing plans for cities might be by State or consultant forces. Implementation might be on a standardized force account format.

b. Development of standardized design and specifications during the preliminary engineering and design work for one signal project might prove useful for ensuing projects.

c. Traffic signal studies in individual cities might be accomplished under a State contract. Such studies would be a part of the implementation process and it would be expected there would be early project programming and development based on the studies.

d. The packaging of similar work type projects is encouraged so that most of the technical issues and procedural requirements are handled at the State and division office level. For example, a program to upgrade signal displays to meet current Manual on Uniform Traffic Control Devices standards might inventory local installations via a statewide consultant contract. Construction project plans, specifications and estimates (PS&E) could be based on a limited catalog of standard display layouts. Locals participating in such programs would not have to concern themselves with individual consultant agreements and with certain State and Federal procedural requirements. Work by local entities to provide existing intersection layouts, locate utilities, provide construction engineering, etc., might be compensated on a force account basis with recordkeeping on a standardized statewide format. Task forces involving local traffic engineers and representatives of professional engineering groups as well as State and FHWA personnel may be helpful in developing processes and procedures for minimizing red tape while still making efficient and effective use of public funds.

Marshall Jacks Jr.

Marshall Jacks, Jr.
Director, Office of Traffic Operations

SECTION 18 PROGRAM STATUS REPORT

Rural and Small Urban Public Transportation Branch

February 1980

SUBMITTED BY FHWA

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Section 18 Program Status Report

The Section 18 Public Transportation for Nonurbanized Areas Program was created by the Surface Transportation Assistance Act of 1978. It is the first and only Federal program to offer a continuing source of both operating and capital assistance to public transportation services in rural and small urban areas.

The first calendar year of the Section 18 Program has been completed. This is a report on the status of the program to date. The report is organized into the following sections: Obligations Status; Program Accomplishments; Continuing Concerns; and Future Efforts.

1. Obligations Status

Total obligations for the Section 18 Program through December 31, 1979, equaled $16.9 million; representing 22.6 percent of the $75 million available under the FY 1979 appropriation. The monthly rate of obligations (currently over $3 million) is increasing rapidly. A $6 million rate is expected by early summer as the program moves toward a full implementation rate of $9 million monthly.

Of the currently obligated sum, $6.3 million (37.2 percent) are for State administration and technical assistance activities. Some 44 States (representing 55 different projects) have used these funds to support or develop their administrative program for nonurbanized public transportation. Other States, such as

Oregon and California, are using their own funds for this purpose; thereby leaving more of their Section 18 apportionment for operating and capital assistance to project systems.

State activities to date have included: hiring program staff; developing State management plans; conducting Section 18 information programs; developing State allocation procedures; coordinating with other State agencies; soliciting and reviewing applications; composing State programs of projects; and establishing technical assistance programs for both potential applicants as well as recipient operators. These activities will serve as the groundwork for responsible, effective management of the program.

Over $10.6 million have been obligated for assistance to nonurbanized transit systems. These funds were awarded to 90 projects in 15 States. A breakdown of the systems obligations by category follows:

Transit Passenger Facilities	$ 771,769.38
Bus Purchases	$ 5,207,689.43
Project Administration	$ 580,270.00
Operating Expenses	$ 4,072,598.24
TOTAL System Obligations	$10,632,327.05

The total $16.9 million for all Section 18 obligations through calendar year 1979 left an unobligated balance of $58.1 million. An additional $85 million is available for FY 1980.

2. Program Accomplishments

- Memorandum of Understanding

  A memorandum of understanding between FHWA and UMTA was signed on November 30, 1978. This agreement specifies both the joint and unilateral responsibilities of each agency in administering the Section 18 Program. Specific procedures have since been developed in regional memoranda of understanding.

- Regulations

  The Section 18 Program was passed into law on November 6, 1978, and an Emergency Regulation to quickly implement the program was issued on December 13. The program's operation under this regulation has proved to be very practicable. A final regulation is being developed to replace the Emergency Regulation. It has gone through several drafts to date in an effort to accommodate the expressed needs of rural and small urban areas within the limits of applicable legislation. The final regulation is currently scheduled for OST review in March with a target NPRM publication in early April.

- 13(C) Labor Protection

  Congress mandated the application of 13(c) labor protection to the Section 18 Program. The development of a procedure to apply the provisions was confounded by the need both to minimize the bureaucratic imposition on small operators, and at the same time to ensure that the full rights of labor would be protected.

After lengthy debate, a special 13(c) warranty and waiver procedure was implemented on June 12, 1979. The warranty procedure expedites the traditional, lengthy review process that has been used in large urban areas by offering a single standard agreement which outlines the necessary provisions.

- 504 Provisions for the Handicapped

On May 31, 1979, the Department of Transportation published its final rule (49 CFR 27) implementing Section 504 of the Rehabilitation Act of 1973. The language and content of this rule are oriented toward large mass transit systems in urbanized areas. Accordingly, further guidance was required to explain the application of this rule to the rural and small urban operations funded under Section 18. The guidance was developed in cooperation with legal and program staff from UMTA, and was transmitted to the field on August 1. Every effort was made to clarify and simplify the regulation's planning and reporting requirements for small operators without disturbing the integrity of the mandate for equal access to public transportation by the handicapped.

- Program Communication

Both the unique nature of the Section 18 Program and the general absence of public transportation experience in non-urbanized areas have created an unusual demand for communication. This information exchange has taken several forms:

a. A very heavy flow of phone calls and correspondence between program staff and interested parties (Congress, State, and local officials, concerned citizens, interest groups).

b. Program policy explanation to field staff.

c. Collection and distribution of technical information.

d. Coordination with related UMTA and OST staff.

e. Coordination with other Federal agencies regarding the relationship of Section 18 to other Federal programs for rural transportation and development.

Formal communication efforts have been accomplished through the existing structures of many organizations, including:

The DOT Consumer Conference
The National Rural Center
Rural America
The White House Rural Transportation Initiatives Conferences
AASHTO
APTA
The American Association of Small Cities
The National Conference on Rural Transportation
The Government Information Services Conference
The Department of Agriculture Outlook Conference
The Transportation Research Board
Various State and local conferences/meetings

White House Rural Initiatives

On June 19, 1979, the White House announced its "Rural Development Initiatives to Improve Transportation in Rural America." A major focus of the agreements and actions is to improve the coordination and effectiveness of social service and public transportation programs in rural areas. In this effort involving 14 Federal agencies, FHWA, through its Section 18 Program, has a key role in providing the "glue" by which over 100 other sources of Federal transportation funds are coordinated in a manner which maximizes their use for public transportation purposes.

A series of 12 regional implementation conferences have been held to communicate this effort. The regional White House conferences have also given us opportunities to communicate the objectives of the Section 18 Program to State and Federal officials in the field and local officials and agencies. In addition, with assistance from the Department of Labor, we have been able to discuss the 13(c) Special Warranty with the States and, in many cases, allay their fears about it.

Section 147 Summary Reports

Section 147 of the Federal-Aid Highway Act of 1973 authorized a series of demonstrations of methods for providing transportation service to rural areas. Beginning in 1975, some $25 million in Federal funds were used to sponsor 102 demonstrations around the country. These demonstrations covered a broad spectrum of service concepts, and were conducted over the wide range of geographic conditions found in rural areas.

A series of five technical reports was published in August 1979 to present the conclusions and lessons that were drawn from the demonstration program. Each report was developed by a member of the panel which performed the evaluation of the Section 147 Program, and each report covered a different topic associated with rural public transportation. The topics included:

a. Rural Public Transportation Services and Performance
b. Planning Rural Public Transportation Systems
c. Rural Public Transportation Coordination Efforts
d. Rural Public Transportation Vehicles
e. Marketing Rural Public Transportation

These reports have been widely distributed to Federal and State agencies and to potential Section 18 applicants.

- **Unrestricted Federal Funds**

  In an effort to provide greater flexibility to nonurbanized areas, the Section 18 legislation allowed up to one-half of the local share to consist of unrestricted Federal funds. Advice on the treatment of such funds was received from the UMTA Office of Chief Counsel on October 12, 1979. This opinion was then used to solicit lists of programs from other Departments whose funds could be used as either local cash share or Federal soft share. Responding agencies included:

  a. Appalachian Regional Commission
  b. Community Services Administration
  c. Department of Agriculture
  d. Department of Interior, Bureau of Indian Affairs
  e. Department of Labor
  f. Department of Health, Education, and Welfare

  A list of the eligible program funds was widely distributed on November 23, 1979. The list will be updated periodically.

- **Nonurbanized Public Transportation Courses**

  Two nonurbanized public transportation courses are currently being developed. The 2-day management overview course is directed at State and Federal personnel with management or administration responsibilities for the nonurbanized program. To date, two of the scheduled three pilot sessions have been held. The finished product course will be available in the field by May 1980.

  The second course will cover 5 days and is intended to assist local project managers in their day-to-day operations.

The contractor for this course has been selected, and a draft pilot outline is expected by September 1. It will be offered in FY 1981.

- **Project Administration Shares**

  The Section 18 emergency regulation specified that the Federal share for project administration would be 80 percent. However, it was assumed that the final regulation would reduce the level of Federal participation down to 50 percent; which is the normal rate for operating expenses.

  Local operators and their representatives argued that project administration costs represent a major proportion of operations for nonurbanized systems. This fact, combined with the genuine need for funds in rural areas led to the joint UMTA/FHWA decision in October that the 80 percent level would be maintained through 1980, after which the need will be re-examined.

3. Continuing Concerns

- 13(C) Labor Protection

  The 13(c) warranty arrangement allows for a more expeditious application of the required labor protection provisions than the procedure used in urbanized areas, but a few reservations remain. The State of Washington, for example, has expressed its concern over the complexity of the warranty language, and accordingly, over the confusion about the limits of their responsibility and liability.

  A second concern centers on the extreme conditions that must exist in order to receive a 13(c) waiver. The waiver provisions are such that a waiver would be unnecessary under the conditions where it would be granted. Furthermore, even if granted, a waiver would only be granted for the term of the grant period. Subsequent grant applications would require the acceptance of the 13(c) warranty.

- 504 Provisions for the Handicapped

  As stated above in the accomplishments section every effort has been made to clarify and simplify the Department's 504 regulation (49 CFR 27) as it relates to Section 18 recipients. But more work will be needed in this area as 504 implementation proceeds. As written, the regulation's distinctions among transit types are based on service mode, as compared to either service area or program funding.

- Fair and Equitable Distribution

  The Section 18 legislation requires that funds be distributed within a State in a fair and equitable manner. The diversity of circumstances among the States, however, defies the development of a single standard for fairness and equity at the national level. For a new program such as this, the question is further complicated by the ability of existing systems to responsibly use the early funds whereas new systems must spend their initial time and efforts in developmental planning. In some States, funding distribution has also been complicated by the referral of large Section 3 capital applications to the Section 18 Program. FHWA performed an inventory of current State practices to monitor the distribution of Section 18 funds and to identify any problems. The responses confirm that no additional guidance is necessary from the Federal level.

- **Funding for Indians**

  Indians, and their advocates, have expressed a desire for either direct Secion 18 apportionments or permission to apply directly to the U.S. Department of Transportation for grants rather than to state designated agencies. In various areas, this position has been prompted by a general preference for autonomy, historical friction between tribal representatives and State government, or the existence of a single reservation in parts of two or more States. Under current legislation, only the States are permitted to receive and administer Section 18 funds. The U.S. Department of Transportation is, however, very sensitive to the situation, and field personnel have been very careful to consider the fair treatment of Indian groups in their review of the States' annual programs of projects.

- **Intercity Bus Industry**

  Section 22 of the Urban Mass Transportation Act of 1964 provides operating assistance to intercity bus service. In the absence of funding appropriation for the section, Congress and the industry have emphasized the eligibility of intercity services under the Section 18 Program. The U.S. Department of Transportation has, in turn, emphasized that eligibility to the States, and also continues its consultation and coordination efforts with industry representatives. The First National Conference on Intercity Bus Transportation is scheduled this summer by the Transportation Research Board, and the Section 18 program will be featured at this conference.

Section 3 Eligibility for Nonurbanized Areas

The joint UMTA/FHWA Governor's letter announcing the Section 18 Program, stated that Secion 18 was intended as the sole source of transit assistance in nonurbanized areas. The letter continued by saying that for 2 years, nonurbanized areas would continue to be eligible for Section 3 if a State could demonstrate that their 4-year Section 18 apportionment would be insufficient.

In their October 12, 1979 letter to Secretary Goldschmidt, the House Committee on Public Works and Transportation stated that the Department had misinterpreted congressional intent, and that the Section 18 Program was intended to supplement rather than replace other UMTA programs. The UMTA position was then modified to allow nonurbanized eligibility for Section 3 funds if it could be demonstrated that a State's 2-year Section 18 apportionment was insufficient.

4. Future Efforts

Significant progress has been achieved in establishing a sound footing for the Section 18 Program. But further efforts are required to address the issues and concerns that still remain. A reorientation of efforts will also be necessary as program administration emphasis shifts from initiation and implementation to monitoring, evaluation, coordination, and technical assistance.

The Rural and Small Urban Public Transportation Branch has primary responsibility for administering the Section 18 Program. The following schedule of activities from their FY 1980 Goals and Objectives exemplifies their efforts to address the needs identified above.

A. Program Implementation

- Develop draft NPRM for final Section 18 regulation and submit to appropriate UMTA/OST offices for review.
- Collect docket responses to NPRM, make changes as necessary, and publish final rule and FHPM.
- Assist UMTA personnel in determining FY 1980 apportionments of Section 18 funds and make funds available within 2 weeks of release by OMB.
- Update, expand, and reissue Section 18 policy "Questions and Answers."
- Develop necessary background for a draft NPRM on Intercity Bus to expedite issuance of regulations if and when Section 22 is funded.
- Expand, and organize policy Q's and A's into a draft Operations Manual.
- Solicit, organize, and distribute final information on unrestricted Federal funds as match for Section 18.

B. Program Monitoring and Evaluation

- Develop work statement for "13(c) Review" contract. Select consultant and approve proposal.
- Work with Office of Fiscal Services to improve format/content of monthly Section 18 fiscal report.
- Review, assess, and summarize State procedures for "Fair and Equitable" distribution and actual distribution.
- Review, assess, and summarize procedures for, and participation by, intercity bus operators in Section 18 projects.

C. Federal Coordination

- Monitor, assess, and summarize progress of implementing White House Rural Transportation Initiative.
- Monitor, assess, and summarize the coordination of Section 18 projects with social service transportation providers.
- Review and assess the efficiency of the Section 18 MOU between UMTA and FHWA. Develop suggested changes where necessary and coordinate with UMTA to effect changes.

D. Technical Assistance

- Work with NHI and the Office of Contracts and Procurement to oversee the contract for the 2-Day Rural Public Transportation course, to evaluate the three pilot classes, to make necessary changes, and to see that the final course is made available to the field.
- Work with NHI and the Office of Contracts and Procurement to finalize and oversee the contract for the 5-day Rural Public Transportation course, and to review and approve the draft pilot course outline.
- Review and select available rural public transportation technical documents. Obtain or print copies of selected documents and distribute to field offices.
- Work with the HEW and TSC to oversee the University of Tennessee Insurance Study. See that progress report is submitted to OST and to Congress. See that final report is prepared.

E. Communications

- Develop, print, distribute, and publicize brochure explaining Section 18 Program.
- Inform and utilize publications of relevant organizations to publicize necessary Section 18 information. Organizations include NRC, AASC, Rural America, AASHTO, NACO, and APTA.
- Attend conferences and workshops that relate to Section 18 and nonurbanized public transportation.

Highway
Users Federation
FOR SAFETY AND MOBILITY

OFFICE OF THE PRESIDENT

February 25, 1980

The Honorable Norman Y. Mineta
Chairman, House Public Works Subcommittee
on Oversight and Review
Room B-376 - Rayburn House Office Building
U.S. House of Representatives
Washington DC 20515

Dear Mr. Chairman:

The Highway Users Federation is a nonprofit coalition of more than 450 businesses, industries and associations promoting improved highway transportation. Our membership cuts across more than 30 major industrial and commercial categories, but all members are united in their desire to preserve the freedom of mobility.

The Subcommittee on Oversight and Review is to be commended for these timely hearings on ways to retain mobility for Americans in an era of increasing financial, environmental and energy constraints.

The Federation welcomes this opportunity to outline briefly some of its concerns on how the Federal-aid highway program and motor vehicle fuel supply relate to mobility.

Federal-aid Highway Program

The report of the National Transportation Policy Study Commission affirms again that the nation's highway transportation system will continue to be the primary means for moving people and goods for the remainder of this century and beyond.

Notwithstanding, America's roads are deteriorating faster than they are being maintained or replaced.

It is essential that the Federal government and the states carry out programs that will meet the long term capital investment needs of the nation's highways, as well as its shorter term operational needs.

It is our understanding that the Subcommittee will be assessing how well Congressionally mandated programs are being carried out through federal administrative processes.

We believe that the following issues and concerns deserve the Subcommittee's attention:

- o Congressional authorization levels in Federal-aid highway legislation are not met by the allowed rate of obligational authority, creating a chronic problem. States appear to be stepping up to dollar and program-related responsibilities, making use of federal-aid funds. There is indication that by mid-summer, 1980 FY obligational authority will be used up, raising the question of whether supplemental 1980 appropriations will be needed. Escalating costs make it imperative that federal highway dollars be put to work fast.

- o Guidelines for Interstate Maintenance in our judgment are most important in helping to preserve the nation's investment in this essential highway system. We think that when they are operational in 1981, Congress should monitor how the guidelines help meet maintenance needs, and how well states are conforming to the guidelines.

- o Safer highway programs called for in the Federal-aid Highway Act cover a variety of improvement projects. Results to date have shown that projects have varying levels of success in terms of accident reductions. The Subcommittee should look into the project planning process and FHWA guidelines and directives relating to it.

- o Two aspects of highway operational policy merit Subcommittee scrutiny:

  (1) The tendency in some few places is to deliberately reduce levels of highway service as a part of "urban policy." The District of Columbia is an example. The District's efforts to gut the potential gasoline savings and traffic movement benefits of the Right Turn on Red rule is one illustration of this point.

  (2) Important segments of the nation's highway system are being cut in the supposed interest of "planning." Congress has helped put in place metropolitan planning organizations to insure both equity and balance in developing areawide transportation solutions. The Administration in recent months, however, has enunciated an urban policy which we believe will have a devastating effect on urban transportation planning. A hard look at the Administration's "Community Conservation

Guidance," and subsequent DOT actions, is merited. This urban policy was established without national legislation or Congressional consensus. Its focus on urban centralization seems out of step with long-standing human and economic pressures for decentralization. We believe that local transportation planning is being replaced by Federal social and land planning.

In short, the U.S. Department of Transportation is attempting to make transportation subservient to social goals. At the same time the DOT ignores pressing problems of structural deterioration, congestion and safety that are legitimate targets of transportation expenditures.

As presently constituted, the Administration's urban policy in the longer term will be a negative influence on America's mobility. In the shorter term, it will disrupt transportation planning.

o Federal aid highway projects currently are required to satisfy a large number of regulations which have nothing to do with highways. Some of these regulations have been influencing highway development for a number of years, but many are relatively new. If nothing else, these regulations have consumed precious time, boosting costs fed by inflation.

There is no question that highway programs must be developed in concert with other national programs. However, the current review procedures for highway projects by agencies such as the Department of Interior, Corps of Engineers, and Environmental Protection Agency generally don't recognize that improved transportation helps to achieve the societal goals of the other programs.

Another problem is that frequently the various reviews are sequential rather than in concert with each other. Some of the reviews are initiated only after all other reviews have been completed, thus extending project delay time, and review agencies apparently have an absolute veto power over project initiation.

Highway development should take place in concert with other socially beneficial projects, but not be at their mercy. It would appear that an inquiry into the complete subservience of transportation goals and objectives to other national goals and objectives in the review process is a subject worthly of committee inquiry.

Motor Fuel Supply

Although the supply of motor vehicle fuel is not an issue with this Subcommittee's jurisdiction, it does have a substantial impact on the mobility of Americans.

The Department of Energy's standby energy conservation and gasoline rationing plans would penalize motor vehicle users more than any other users of fuel. For some Americans without alternatives for getting to work and other essential trips, for example, segments of the Administration's standby plans would be disastrous if implemented.

The lack of well-defined standards or criteria for measuring a shortfall of gasoline sufficient to trigger gasoline rationing or to impose energy contingency plans poses the threat to the highway user of having mobility curbed without justification. The current law sets the gasoline rationing trigger, for example, at a 20% shortfall over the statutory period. The Department of Energy has not defined the ways that such shortfall is to be determined, making unsound decisions quite likely.

Here are some of the issues falling within the Subcommittee's scope which should be reviewed:

1. Measures that improve the efficiency of traffic flow -- signal timing, removal of bottlenecks in traffic, channeling turns, etc. -- are eligible for funding under the Federal-aid Highway Act and have significant energy conservation potential. Such measures should be emphasized and encouraged. The Subcommittee might determine whether administrative or other roadblocks are keeping the full potential from being realized.

2. The efficiency and energy conservation benefits of vanpooling and carpooling are well established. Successful public and private vanpool and carpool programs demonstrate their practical value. Legal and regulatory constraints on vanpooling and carpooling have been identified, and many states are taking affirmative actions to remedy these problems. Congress has enacted tax incentives to encourage vanpooling, and for FY 1980, has appropriated $3 million to the U.S. Department of Transportation to further Federal participation in the national carpool/vanpool program.

   Two things remain to be done: First, practical national goals for increased commuter ridesharing need to be set and second, since the Federal

> government is the major motor vehicle fleet operator in the country, it should take leadership in vanpool and carpool programs that will serve as models for state and local governments, private business and industry, and private citizens. Congress should provide needed impetus to the federal bureaucracy to get on with this important job.

Reasonable enforcement of the 55 mph national speed limit is an important energy conservation measure. However, we are concerned that in its effort to enforce 55, traffic law enforcement's safety mission may be neglected. Since federal support for state and local law enforcement will substantially affect the level of that enforcement -- whether for safety or energy reasons -- the extent to which current federal programs strike an acceptable balance between both missions, merits consideration by the Subcommittee.

Sincerely,

Peter G. Koltnow

METROBUS,
METROPOLITAN DADE COUNTY TRANSIT AGENCY,
Miami, Fla.

USING SCHOOL BUSES FOR MASS TRANSIT: MIAMI'S ENERGY EMERGENCY

(By Suzanne J. LePlant)

BACKGROUND

In June, 1979, Dade County, Florida's gasoline supplies were temporarily cut off by a trucker's blockade of the area's deepwater port which receives and stores gasoline. Dade County is roughly the size of the State of Delaware and has just over 1,500,000 people. Dade County's Metrobus operates 93 routes over approximately 72,000 miles every weekday. Metrobus typically carries approximately 200,000 weekday passengers. But on June 25, we carried 265,092 passengers, up 30 percent from the same day in the previous June. The gain of 65,000 daily passengers in less than a week caused us to negotiate for the use of school buses during the crisis.

EVENTS LEADING TO THE USE OF SCHOOL BUSES

The fuel crisis in South Florida was caused by a June 18 truckers' strike and blockade of Port Everglades, South Florida's only deep water port capable of servicing the deep water tankers carrying fuel. By the following day, Tuesday, panic-gasoline buying had started, causing long gasoline lines and price gouging by Wednesday. There were fights between waiting drivers, and on Thursday the Governor had declared a state of "emergency" Odd-even gasoline rationing started in Dade County. Near the middle of the week, Metrobus ridership was sharply up and Metrobus management started negotiations with the Dade County School Board for temporary use of school buses for Metrobus service.

Before the week was over, the Dade County Manager had declared the County to be in a state of emergency. The emergency declarations by both the Governor and the County Manager were very important. They allowed Metrobus and the School Board to negotiate a contract for the use of school buses for Metrobus service without prior approval by the Metrobus drivers' union or the school bus drivers' union. the Metrobus drivers' union was contacted and informed of the necessity to use school buses to supplement regular service. The union strongly objected to the use of school buses, but conceded that at the time there was no alternative. The union's strong objection was put on record, and it was agreed that school buses would be used only if no Metrobus vehicles were available.

CONTRACT AGREEMENT

The contract with the School Board included the following provisions: Only school bus drivers would drive school buses; Metrobus drivers would not drive school buses at anytime. Metrobus drivers would pay the School Board a rate of $6.85 per hour per school bus operator. School bus drivers actually receive slightly more than $4.00 per hour. The additional charge covered School Board administrative and overhead costs. This point had to be carefully explained to the Metrobus union since their entry level pay was slightly lower than $6.85. Drivers' time was measured from the school bus garage to school bus garage with a 4 hour minimum work day guaranteed, as compared to a 2 hour minimum guarantee for Metrobus drivers.

Insurance was a special problem and was the most difficult area for Metrobus and the School Board come terms on. Metrobus, as part of Metropolitan Dade County government, is self-insured and, therefore, has no regular insurance company. School Board insurance levels are set by Florida Statutes at $100,000 for all claims resulting from the same accident. Metrobus had to negotiate with the School Board's insurance company for a special binder for $150,000 excess coverage above the $100,000 existing coverage. Along with holding the School Board hold-harmless for everything, Metrobus paid a deposit premium of $4,500 with a weekly rate (or for any portion of a week) of $1,500 with a minimum earned premium of $3,000. Metrobus used school buses for 3½ days at an insurance cost of $7,500. ($4,500 Deposit plus $3,000 minimum = $7,500.) This may be a problem unique to Florida, since some transit operations are departments of local governments and have *their* limits also set by State Statute.

SCHOOL BUS OPERATIONS

As soon as the insurance company and Dade County signed the insurance agreement, school bus operations started. The school buses were used on selected South Dade express routes, the most overcrowded of any Metrobus *expresses*. Putting school buses on local routes was not considered as the School Board wouldn't release the buses for heavy, all-day transit use and there would not be a specific point along the route where all passengers could pay their fares. School bus drivers were not supposed to collect fares, and it was impossible for Metrobus to put a farebox in every school bus which *might* be used for Metrobus service.

All school buses and Metrobus vehicles were scheduled to stop at the South Miami express bus location for fare collection on the school buses. The South Miami stop was the last stop for passengers to get on in the morning before going closed-door to their destinations and first drop-off stop in the evening.

Our emergency fare collection system finally worked out to be quite simple. The idea of having a regular Metrobus fare box on a small, portable platform to wheel over to each bus as it arrived was discarded. Passengers would all have to get off the school bus, file by the farebox to pay, and get back on again. Meanwhile, the regular Metrobus lead vehicle, full of passengers, would be waiting in front of the school bus to continue leading it on the route.

What we ended up with was a clean, empty paint can with the Metrobus fare schedule posted on the outside. When a bus arrived at the express stop, the supervisor would board the bus, collect the fares and take the coins to a minibus parked at the stop and feed them into the locked fare-box for security.

School bus drivers were told to follow behind the regular Metrobus in the morning and afternoon rush-hours as second sections. If the Metrobus did not show up on time, for whatever reason, they were to leave and do the best they could. We suggested they ask the passengers to help them with the proper route since most of them would be familiar with it and wanted to get home also. On at least five occasions, a school bus driver was left without their Metrobus lead buses. Routes were learned quickly and after one or two round trips no help was needed from the passengers. They performed admirably during the three and one-half days that they were driving.

At the end of 3½ days the school buses had traveled 2,410 miles and the school bus drivers had logged in 192.5 hours. The schoool buses had carried approximately 1,150 passengers and made 53 trips. That works out to approximately 22 passengers per bus. We had standing loads on only 4 trips, 3 of which were in the morning and one in the afternoon. Our costs totaled approximately $10,000, $7,500 for insurance, and $2,500 for operating costs (the hourly wage and $.50 per mile per bus). The revenue gathered from passengers totaled $825. Five buses did not have revenue or passenger counts because both supervisors were called away on emergencies.

RIDER/DRIVER REACTIONS

The most interesting thing about using the school buses was the reaction of not only the riders, but of the Metrobus drivers and the school bus drivers. Metrobus drivers, who had started out with a somewhat jaundiced view of school bus drivers turned out to be very favorably impressed with the school bus drivers' handling of their vehicles, the speed with which they picked up the routes and the level of professionalism they displayed during the crisis.

The riders' reactions to the school buses were generally favorable, not because they like the school buses, but because they were simply glad to have a bus there to take them to work and home again, developing what appeared to be a sense of camaraderie or cooperation during the crisis. A local TV newsman asked one of the riders what he thought of the school bus with a small seat, no leg room and no air conditioning. The rider responded that it was not great, but it got him home. He noted that the windows open, the air flows through and riding a school bus beats waiting for the next Metrobus, which might no come for a long while. People riding the school buses did have gripes—some felt they shouldn't have to pay the full express fare—but it was obvious that we did not have much adverse reaction because it was only a temporary situation.

CONCLUSIONS

The use of school buses for mass transit during an emergency was successful in Dade County, but only on a short-term basis. If the gas crisis had lasted longer, or if it had been during the school year, Metrobus does not feel that school buses could be a long-term solution to the over-crowded conditions. It is likely the following conditions would keep us from using school buses on a regular basis: Labor problems, insurance, driver availability, wear and tear on school buses not built for heavy use, conflict with school hours, fare collection equipment and general lack of long term acceptance by Metrobus riders.

Metropolitan Dade County is in the process of preparing its Energy Contingency Plan. The use of school buses to aid in transportation, at this point, is part of the draft plan, but they are not recommended for regular Metrobus use.

In case another emergency should arise, Metrobus management and the Dade County School Board are trying to work out a potential agreement whereby school buses might be used during one or two peak hour periods.

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